CANADIAN REAL ESTATE INVESTMENT FUND NO. 1

2021 Annual Report

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PORTFOLIO MANAGER'S REPORT

Investors were drawn to alternatives in 2021, including real estate, to generate stable, long-term returns, while enhancing portfolio resiliency and diversification. This resulted in a record $59 billion in transaction volume in Canada in 2021. Investors were rewarded with attractive returns, as strong market fundamentals generated attractive capital appreciation.

The Great-West Life Canadian Real Estate Investment Fund No. 1 generated a gross annual return of 11.6% in 2021, its strongest annual performance since 2012. The performance was driven by income at 3.7% and a 7.9% capital return. The Fund's above benchmark allocation to the industrial asset class allowed it to benefit from the growth of e-commerce and global supply chain challenges, generating a 25% capital return. Comparatively, the delayed reopening of the economy related to pandemic health restrictions stalled the demand for urban multi-family rental and office properties. Rising vaccination levels and the lifting of circulation restrictions should allow those sectors to benefit from the reopening in 2022.

As importantly, the Fund was able to return valuation certainty in the underlying properties of the Fund on January 5, 2021, supported by the empirical evidence of the market's leasing and investment activity. This certainty enabled the Fund to facilitate an orderly redemption process to confirm the necessary liquidity and ultimately lift the temporary suspension on April 19, 2021.

The Fund continues to execute on its disciplined investment strategy, prioritizing enduring and transit-oriented locations with amenity-rich, high-quality improvements. The top-down approach prioritizes investment to Toronto, Montreal and Vancouver (more than 70% allocation), providing exposure to Canada's most diversified and resilient economies, with tactical allocations to other markets to provide targeted complementary economic exposure.

The Fund continues to strategically access investments, through a combination of investment and development activities, providing access to key opportunities forecasted to generate superior, risk-adjusted returns. Key 2021 highlights include:

- The acquisition of a $28 million, 128 net acre parcel of land on the northern boundary of Calgary, AB (Balzac), with upwards of two million square feet of phased development potential.
- Commencing construction on a 26-storey, 336-unit multi-family property in the Westboro neighbourhood of Ottawa.

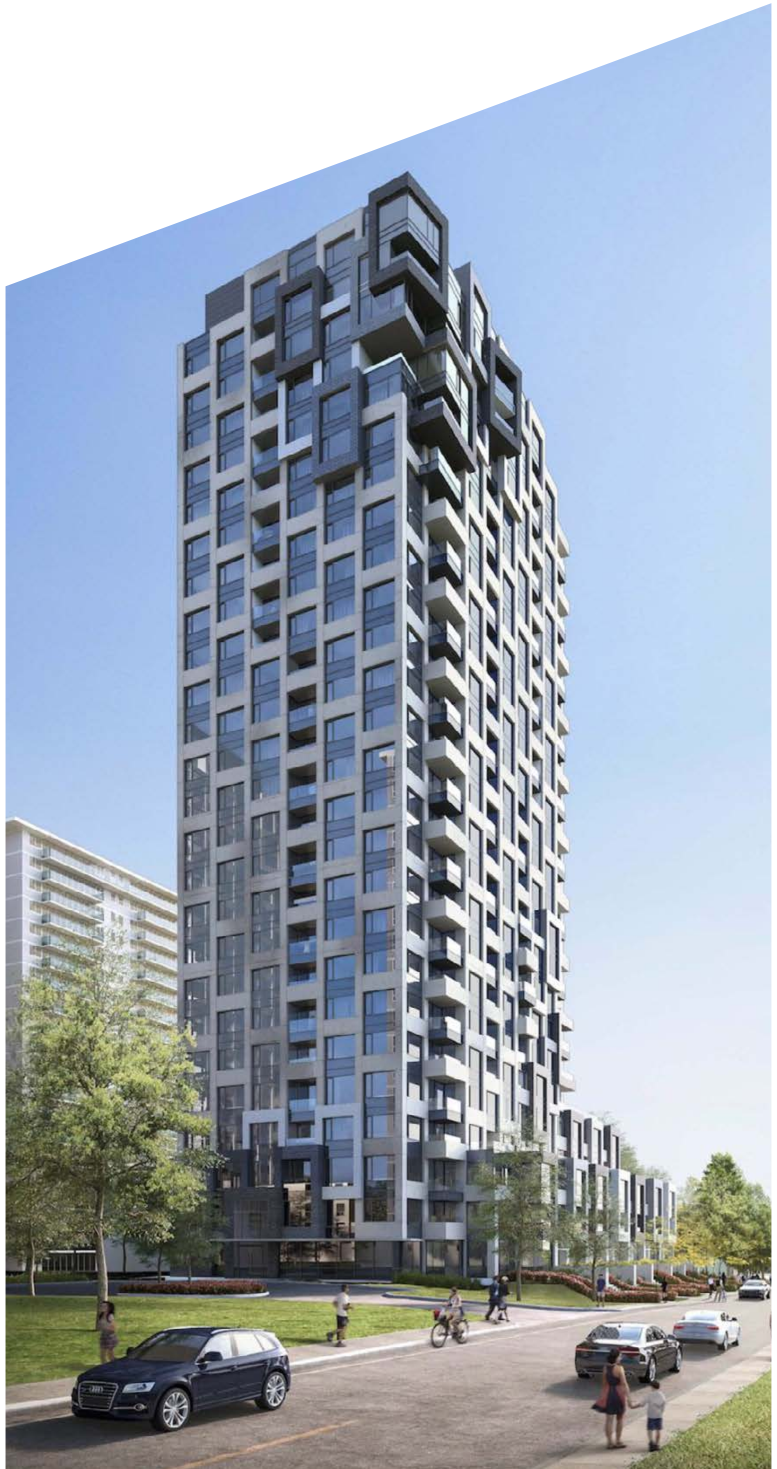
Climate change and transition risk have continued to rise to prominence, as science-based research has confirmed the necessity for society to prioritize sustainable investing. Since 2013, the Fund has reduced its global greenhouse gas (GHG) emissions across its office and residential portfolios through regular energy audits, setting reduction targets and retrofitting buildings to improve energy efficiency and reduce emissions. There is more work ahead, and in early 2022 the Fund committed to align with the federal government target of achieving net-zero GHG emissions by 2050. The Fund's commitment to responsible investing was recognized in its fourth Global Real Estate Sustainability Benchmark (GRESB) submission, receiving a GRESB 5-Star rating in 2021 with a score of 87 and recognition as top 11 percentile in the Global-Diversified category (246 participants).

> **"Despite the ongoing challenges resulting from the COVID-19 pandemic, the Fund generated a gross annual return of 11.6% in 2021, its strongest annual performance since 2012."**
>
> **STEVEN MARINO**, EXECUTIVE VICE PRESIDENT, PORTFOLIO MANAGEMENT

The Fund continues to pursue a conservative debt strategy, ending 2021 with $1.1 billion in financing and a 17.7% loan to property value ratio, comfortably within the policy limit of 35%, all on a non-recourse basis. The mortgage book's year-end average coupon was 2.96% with a weighted average maturity of 52 months. The Fund's contractual financing provides a hedge against interest rate risk, as its daily marking to market provides contractholders the opportunity to benefit from the prospect of raising rates and spreads.

Inflation is on investors' minds. Real estate has tended to perform well in inflationary environments, as the relationship is driven primarily by the health of the property (market fundamentals). Leases with shorter durations, namely multi-family rental and small bay industrial, have proven particularly successful in realizing strong rental growth. The combination of strengthening market fundamentals and the reopening of the Canadian economy, together with the Fund's outsized industrial and multi-family allocations, positions the Fund to sustain a strong income return profile and generate attractive risk-adjusted returns.

STEVEN MARINO, EXECUTIVE VICE PRESIDENT,
PORTFOLIO MANAGEMENT



Left photo: Livmore High Park (Toronto, ON)
Right photos: Laird Business Park (Milton, ON)

2021 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.

124
Properties

$6,141M
Gross real estate value, up 9.7% YoY

8.4%
10-year annualized return

3.7%
Income return

7.9%
Capital return

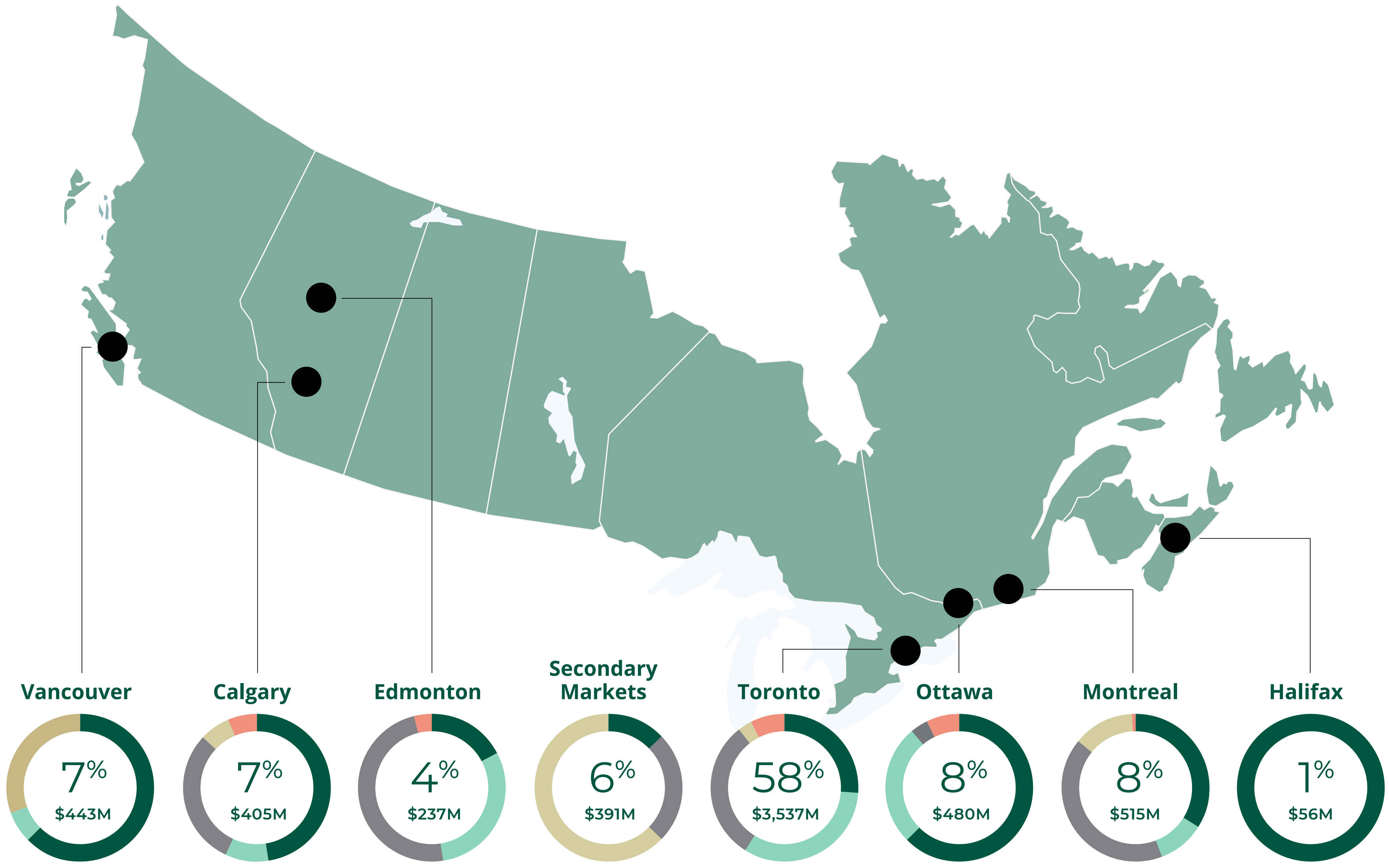
11.6%
Total return

$142M
New acquisition activity

90.6%
Occupancy, down 190 bps YoY

33 Yonge Street (Toronto, ON)

PORTFOLIO DIVERSIFICATION



CITY AND ASSET CLASS EXPOSURE

(dollar amounts in millions)

Office Properties
33%
$1,953

Residential Properties
24%
$1,483

Industrial Properties
27%
$1,633

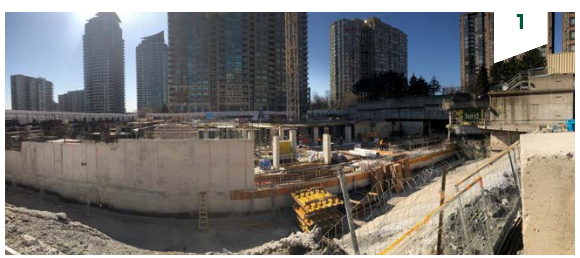
Retail Properties
10%
$601

Other
6%
$396

DEVELOPMENT

1 185 ENFIELD PLACE, MISSISSAUGA, ON – $192M

- Phase 1: 35-storey residential tower providing 365 units; includes four levels of below grade parking, 308 spaces
- Unit mix includes six (6) two-storey town house units of approximately 1,099 sq. ft. each
- Multiple amenity areas totalling approximately 6,760 sq. ft. combined, including a unique two-level-high (more than 7 metres) 270 m^2 basketball/multi-purpose gymnasium (separate from fitness room)
- Completion scheduled for Q3 2024



2 ABBOTSIDE WAY, BRAMPTON, ON – $33M

- 138,617 sq. ft. mid-bay industrial warehouse suitable for up to four tenants (132,985 sq. ft. of warehouse, 5,632 sq. ft. of office)
- Site provides 120 parking stalls and exclusive driveway for truck access behind the warehouse (20 dock doors)
- Construction commenced December 2021 and is expected to be completed January 2023

3 320 McRAE AVENUE, OTTAWA, ON – $155M

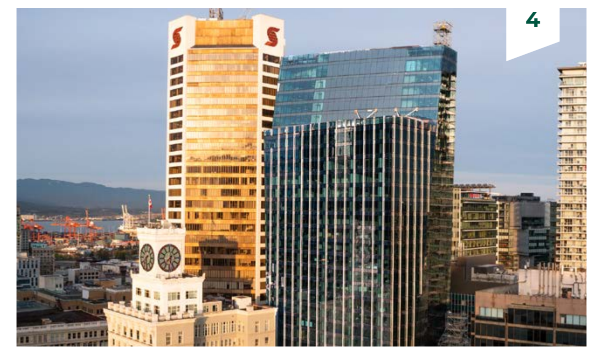
- 26-storey, 336-unit multi-family project in the Westboro
- Phase 1 October 2023 and Phase 2 March 2024
- Walk score of 88; amenities include fitness, party and media rooms, co-working space, guest suites, outdoor lounge, dog spa and run

4 VANCOUVER CENTRE II, VANCOUVER, BC – $65M

- 371,000 sq. ft. LEED® Platinum certified office tower
- Completion summer 2022 and currently 64% pre-leased

5 McLELLAN INDUSTRIAL LANDS, CALGARY, AB – $320M

- 128-acre phased logistic centre development
- Approximately 2.2 million sq. ft. of new generation premises
- Phase 1 completion scheduled for 2025



INVESTMENT ACTIVITY

In 2021, levels of investment activity in the Canadian commercial real estate sector resumed at record levels after a pandemic-induced pause in 2020. The fourth quarter of the year realized $18.5 billion in transaction volume*, the highest in Canadian history. The Fund resumed its investment program, acquiring two significant assets while strategically vending out of another.

Early in the first quarter, the Fund divested of its 70% interest in 99 Savannah Oaks, a 527,568 square foot industrial facility located on 26.9 acres of leased land in Brantford, ON. The asset had been identified as a non-core holding due to its location and leasehold nature, and the timing of the disposition allowed the Fund to realize a significant gain relative to the appraised value given the demand fundamentals for the asset class.

In May, the Fund acquired 8350 Lawson Road in Milton, ON, for $92 million. The asset is a 100% leased, two-tenant, 321,028 square foot Class 'A' industrial building located adjacent to an existing holding. Constructed in 2008, the property features 32 foot clear heights, ample shipping doors, a secure yard with trailer parking, minimal office build-out and frontage along Highway 401. In-place rents were well below the prevailing market rate and will afford the Fund the opportunity to enhance the return profile of the investment as leases mature in 2022 and 2025. The final transaction of 2021 was the acquisition of a 128 net acre parcel of land on the northern boundary of Calgary, AB (Balzac), that will ultimately deliver over two million square feet of new generation industrial product. Development is intended to be phased, with the first building(s) scheduled for 2025.

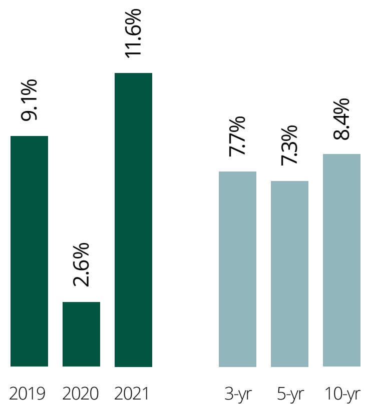
8350 Lawson Road (Milton, ON)

McLellan Industrial Lands (Calgary, AB)

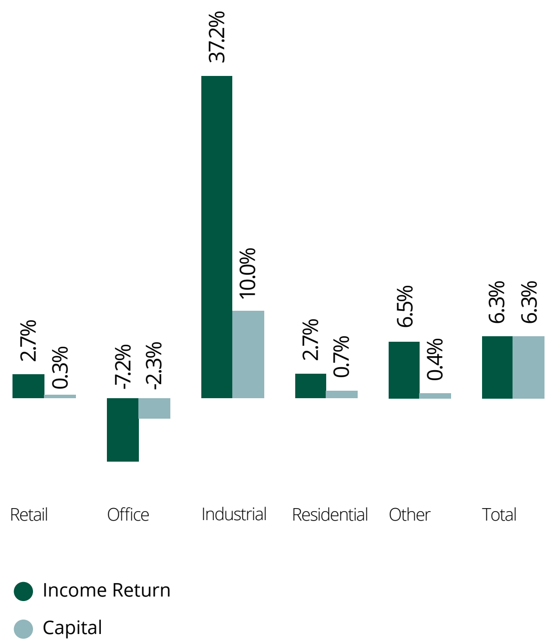
* Source: CBRE

PERFORMANCE AND ATTRIBUTION

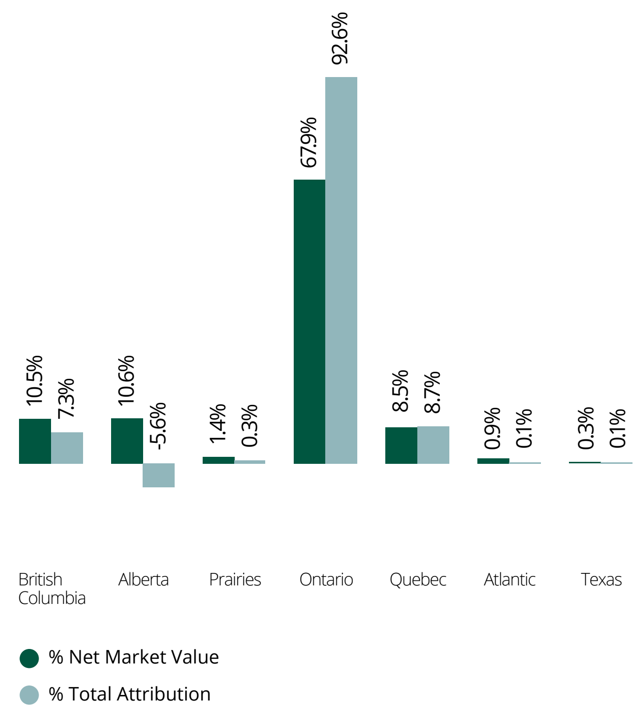
TOTAL RETURN



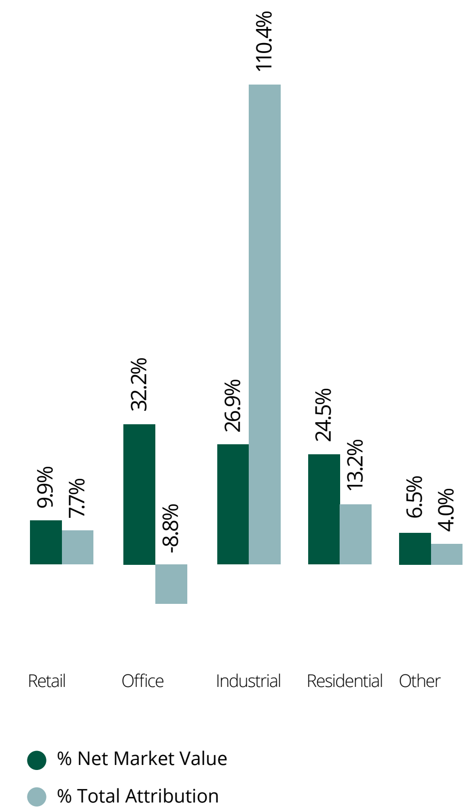
PERFORMANCE BY ASSET CLASS



FUND WEIGHTING & ATTRIBUTION BY REGION



FUND WEIGHTING & ATTRIBUTION BY ASSET CLASS

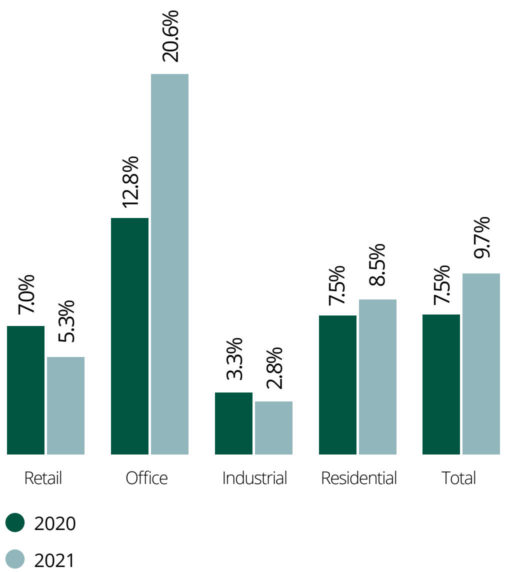


The Canadian Real Estate Investment Fund No.1 produced its strongest level of return since 2012. The 11.6% total gross return was a product of the stability of income (3.7%) and robust capital performance (7.9%), driven largely by the industrial component of the portfolio as highlighted above.

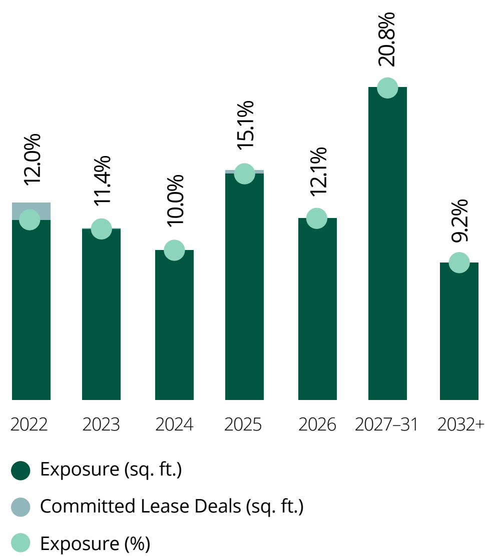
OCCUPANCY

Despite ongoing challenges related to a lingering pandemic, the Fund's long-established historical track record of better than 90% occupancy was maintained and rent collection levels exceeded 98% in each quarter throughout the year. The combination of these factors continued to drive stable income performance, which has been the cornerstone of the Fund since its inception. With a portfolio weighted average lease term of 5.2 years and a well-diversified expiry profile with no more than 13% of leases maturing in any of the next three years, the Fund is very well positioned moving forward.

SUMMARY BY ASSET CLASS



LEASE EXPIRY PROFILE



15.1%
Maximum single year rollover exposure

30%
of portfolio with 2027+ lease maturities

90.6%
Occupancy

8400 Lawson Road (Milton, ON)

Goreway Business Park (Brampton, ON)

33 Yonge Street (Toronto, ON)

TENANT DIVERSIFICATION

The Fund Manager, GWLRA, has nine regional offices located across the country. The leasing and property management teams have strong reputations and local knowledge, and have developed lasting working relationships with tenants from coast to coast. The portfolio is home to over 1,300 individual commercial leases and 5,400 residential units, resulting in a very well-diversified income stream.

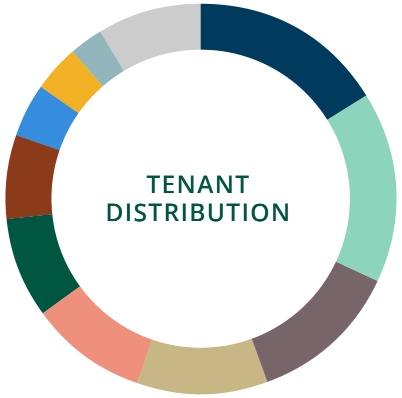
PORTFOLIO AND TENANT DIVERSIFICATION

Top 10 Tenants by Base Revenue at December 31, 2021

Ranking	Tenant	Annual Base Rent	% of Total Portfolio (Base Rent)	Commercial Portfolio (sq. ft.)
1	Federal & Provincial Government	$20,705,798	10.80%	1,371,374
2	ConocoPhillips Canada	$9,073,127	4.70%	803,717
3	Home Depot	$7,162,024	3.70%	1,163,877
4	The Bank of Nova Scotia	$5,215,440	2.70%	392,192
5	Walmart	$5,010,560	2.60%	638,156
6	Canada Life	$3,363,714	1.80%	253,444
7	Intramodal Warehouses	$3,135,888	1.60%	411,264
8	CGI Inc.	$3,080,363	1.60%	263,265
9	CIBC	$2,789,298	1.50%	190,015
10	Toronto Transit Commission	$2,744,907	1.40%	158,923
	Subtotal	**$62,281,119**	**32.50%**	**5,646,227**
	Other	**$129,145,988**	**67.5%**	**12,413,782**
	Total	**$191,427,107**	**100%**	**18,060,009**

TENANT DISTRIBUTION

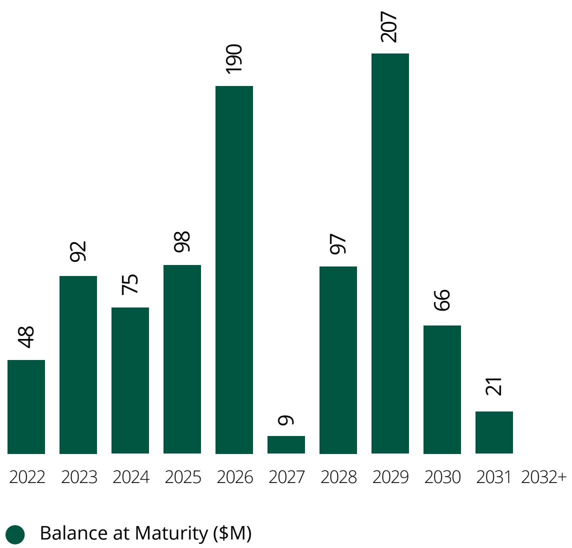
	City and Asset Class Exposure	
1	Retail Trade	16.4%
2	Finance & Insurance	15.8%
3	Manufacturing	12.3%
4	Public Administration	11.1%
5	Transportation & Warehousing	9.7%
6	Mining, Oil & Gas	8.3%
7	Professional, Scientific & Technical Services	6.8%
8	Accommodation & Food Services	4.6%
9	Wholesale Trade	3.9%
10	Information & Cultural Industries	2.6%
	Subtotal	**91.4%**
	Other	**8.6%**
	Total	**100.0%**



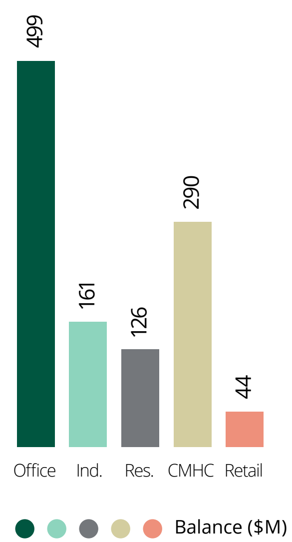
DEBT PROFILE

The Fund was active in 2021 in securing substantial long-term financing at historically low rates. Activity for the year was highlighted by a 10-year $70 million financing on a 1.1 million square foot industrial building in Calgary at 2.6% on an interest-only basis and a five-year $100 million re-financing of a GTA-based multi-residential asset at 2.5%. For the year, the Fund increased its LTV by 46 bps and reduced its overall weighted cost of debt by 32 bps for an average of 3.0%. All of the $1.1 billion of debt pledged against assets in the Fund is on a fixed rate, non-recourse basis.

DEBT BALANCE MATURITY PROFILE



SUMMARY BY ASSET CLASS



17.7%
Portfolio LTV

$1,119M
Outstanding fixed rate debt

52 months
Weighted average duration

3.0%
Weighted average coupon

28 bps
Spread between CMHC and conventional debt

$290M
CMHC financing

39
Mortgages with average balance of $29M

+63 bps
2021 total leverage impact

RESEARCH

Below is an example of the work conducted by GWL Realty Advisors' (GWLRA) in-house Research and Strategy team. The development of these approaches helps define portfolio strategy and puts the Fund at a competitive advantage.

Post-Pandemic Apartment Demand

COVID-19 had a significant impact on population flows in the last 24 months in Canada. With travel restrictions and shelter-in-place policies limiting the movement of people across major urban centres, understanding how this impacted demand for purpose-built apartment rental became a research priority for GWLRA. Tracking and quantifying demand, exploring Canadian immigration policies and statistics, and forecasting various post-pandemic apartment demand scenarios emerged as focus areas for analysis.

TRACKING DEMAND

Demand for purpose-built rental housing comes from a wide cross-section of demographic groups, including foreign and domestic students and international migrants. In order to quantify demand for apartment housing, GWLRA Research analyzed census data for renter household characteristics, pulled population estimates by age from Statistics Canada, and tracked domestic and international student enrollment and flows. Together, this and other information allowed us to estimate net unit demand for apartment rental across major Canadian cities. By having a structured process to track apartment rental demand, we were able to quantify how temporary closures of colleges and universities, as well as border restrictions, impacted historic flows of key renter cohorts through the pandemic.

IMMIGRATION POLICY AND STATISTICS

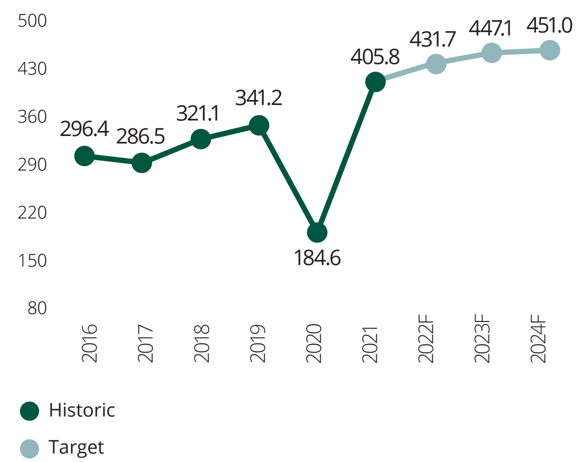
To support our understanding of apartment demand through the pandemic, we also reviewed Canadian immigration policies and statistics. Analysis revealed important implications for renter demand, including that international cohorts such as foreign students and non-permanent residents were being statistically counted in Canada, despite many having moved home temporarily during the pandemic. Differentiating 'technical' versus 'actual' population flows allowed us to better explain demand patterns occurring at the local level and within our managed properties. Analysis further revealed continued growth in study permit and permanent resident applications, providing confidence in the return of international migrants to Canada upon easing of travel restrictions.

ESTIMATING FUTURE DEMAND

To estimate future apartment demand, we crafted a proprietary model. First, we forecast population growth of key rental segments, and then translated that growth into unit demand for apartment rental. Part of the modelling involved estimating the timing and lifting of border closures and travel restrictions, as well as resumption of schools and workplaces. The model, built over 2020 and 2021, estimated a gradual rebound of key renter segments and population growth in the latter half of 2021 and into 2022. Data from Statistics Canada was largely aligned with our forecast: the Canadian population grew by 403,433 people in the year ending 2021, up from only 221,615 people the 12 months before, during the height of the pandemic (this includes temporary as well as permanent new residents). Post-secondary enrollment figures in 2022 also improved from 2020/2021 levels, further indicating a strong rebound in a key segment of apartment demand. Looking forward, strong labour growth, higher immigration targets, growing international student enrollment and greater pathways to permanent residency are expected to drive continued demand for apartments across Canadian markets. As young adults are the most typical international and domestic migrants, our model applies extra weight to the growth of population in this cohort against the supply of new purpose-built rental.

CANADIAN IMMIGRATION REBOUNDING ALONGSIDE HIGHER POLICY TARGETS

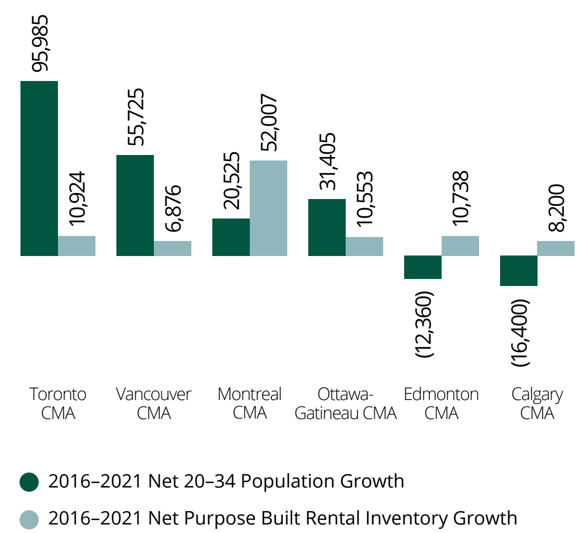
Total Immigration – Historic and Targeted Permanent Residents (in thousands)



Source: Statistics Canada, IRCC

NET DEMAND IN PRIME RENTER SEGMENTS CONTINUES TO OUTPACE SUPPLY

2016–2021 CMA Population Growth 20–34 Age Cohort (Prime Renter Demographic)



Source: Statistics Canada Census Data, CMHC, GWLRA Calculations

SUSTAINABILITY

ESG in 2021

Environmental, social and governance (ESG) issues continue to grow in importance within the investor community. This is especially true regarding climate change, with the 2021 UN Climate Change Conference (COP26) strongly affirming the role businesses and private finance need to play in the transition to a low-carbon economy. In this vein, the Fund is working to pursue more aggressive greenhouse gas (GHG) emissions reductions, and to align these actions with a science-based approach to decarbonization (see "Climate Risk Management" at right).

The Fund Manager maintains four ESG objectives, which are 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 multi-residential assets decreased greenhouse gas (GHG) emissions by 30% between 2013 and 2021.

2

CERTIFY 100% OF THE ELIGIBLE PORTFOLIO UNDER A GREEN BUILDING CERTIFICATION SYSTEM.
In 2021, 95% of the Fund's eligible portfolio (by floor area) was certified under LEED® and/or BOMA BEST® certifications.

3

MAKE POSITIVE CONTRIBUTIONS IN THE COMMUNITIES WHERE THE FUND INVESTS.
Throughout the development process, the Fund Manager collaborates with communities to ensure their long-term interests are met and value is added.

4

CONDUCT BUSINESS WITH HONESTY AND INTEGRITY.
The Fund Manager ensures all employees attest compliance with its Code of Conduct, and it had its employees collectively complete 770 hours of compliance training in 2021.

Managing ESG Factors

The Fund made its fourth submission into the Global Real Estate Sustainability Benchmark (GRESB) in 2021, earning a GRESB 5-Star rating. The Fund placed in the top 12% globally in the Diversified/Non-Listed/Core category, out of 246 submissions. The Fund's manager, GWL Realty Advisors, earned a GRESB 5-Star rating, for the fifth consecutive year, for its managed portfolio.

GRESB is the defining global environmental, social and governance (ESG) assessment for real asset funds and companies. The 2021 benchmark covered more than 1,520 property companies, real estate investment trusts (REITs), funds and developers. Combined, the GRESB real estate assessment represents US$5.7 trillion in real asset value.

GRESB 2021

Climate Risk Management

"We're excited to work with our clients to establish decarbonization goals that align with their business objectives, help manage risks and capitalize on opportunities arising from the transition to a low-carbon economy."

— STEVEN MARINO, EVP, PORTFOLIO MANAGEMENT

The Fund continues its focus on managing the transition and physical risks posed to its assets by climate change. Recognizing the urgent need to tackle the global climate crisis, the Fund Manager made a commitment to move towards net-zero GHG emissions by 2050 and to set interim targets that are aligned with a science-based approach. The Fund is fully supportive of this commitment and will be working to define a formal target boundary and timeline for its assets in 2022. By starting the work to move towards net-zero emissions, the Fund will be reducing its long-term exposure to carbon pricing and regulatory risks, while ensuring GHG emission reduction opportunities are fully investigated for major capex projects and new developments.

For physical risks, the Fund is following on its detailed natural hazard and climate-related risk exposure assessments from last year with targeted vulnerability assessments at select assets. Best management practices and lessons from these assessments will be shared with asset teams across the portfolio to further manage these risks. Finally, the Fund Manager continued to refine the integration of natural hazard exposure screens into its due diligence process for new investments throughout 2021.

Sustainability Performance 2013–2021

With the continuation of national and regional COVID-19 related lockdowns in 2021, the Fund's assets generally experienced lower utility consumption, waste production and greenhouse (GHG) emissions. While these reductions are beneficial, it is likely that consumption patterns will change again, as lockdowns are expected to ease in 2022. Despite this, the Fund is committed to reducing its GHG emissions and improving efficiencies across its assets.

Overall, between 2013 and 2021, the Fund's office and multi-residential portfolios reduced:

Greenhouse gas emissions by 30%, or 21,049 tonnes of CO_2e

- equivalent to taking 4,535 cars off the road for one year[(1)]

Energy consumption by 16%

- equivalent to the annual energy use of 1,644 Canadian homes[(2)]

Water consumption by 25%

- equivalent to 105 Olympic-size swimming pools[(3)]

Waste to landfill by 20%

- equivalent to 722 mid-size cars[(4)]

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

Certifications and Awards

Since 2013, Fund assets have received 34 industry awards, including three in 2021, related to sustainability, operational excellence, development and/or tenant engagement.

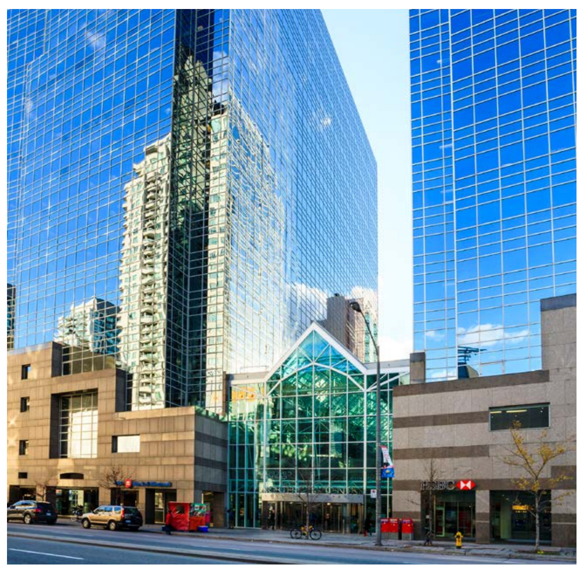
Highlight: 1 Adelaide Street – 2021 Accomplishments

National Outstanding Building of the Year (TOBY) Award (500,000–1M ft²) – BOMA Canada

Certificate of Excellence in Building Management – BOMA Toronto

Accessibility Certification – Rick Hansen Foundation (RHF)

ENERGY STAR Certification – Natural Resources Canada



In 2021, 95% of the Fund's eligible portfolio attained either LEED® and/or BOMA BEST® green building certifications, covering over 24.7M ft². All the Fund's office assets are targeting to achieve a minimum BOMA BEST® Gold level certification by 2023. At year-end 2021, 83% of the Fund's office properties have met this target.

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

BOMA BEST® Certifications by Level as at Year-End 2021

Four of the Fund's office properties participated in the Rick Hansen Foundation's (RHF) *Buildings Without Barriers Challenge*. The challenge encourages companies to create or enhance accessible spaces for all, through inclusive design, by attaining the newly launched RHF Accessibility Certification. The North York Centre complex and 1 Adelaide Street in Toronto both attained the RHF Accessibility Certified level. Each property aims to further improve its accessibility through continued site-level improvements, using the certification as a guide to inform capital and operational planning.

Our Approach to Sustainability Reporting: The ESG section of this report is guided by our business, peer reviews, and various sustainability standards and frameworks. Through the Fund Manager, GWL Realty Advisors, we looked broadly at our sustainability context to determine the topics that matter most to the Fund and its stakeholders. This included reference to GRESB, GRI Standards (2016), and the GRI-G4 Construction and Real Estate Sector Supplement (CRESS). The important topics are defined within the Fund Manager's materiality matrix, which is used, in part, to inform the sustainability content of this report.

(1) U.S. EPA, GHG Equivalencies Calculator.

(2) Average energy use is 92.5 GJ/household/yr, from Statistics Canada, Households and the Environment Survey 2015.

(3) The standard size of an Olympic-size swimming pool is 2,500 m³.

(4) The average curb weight of a mid-size car is taken as ≈3,500 lb.

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Independent Auditor's Report

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

Opinion
We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, 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, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of Part XII of the Canadian Life and Health Insurance Association Guideline G2.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 17, 2022

2021 AUDITED FINANCIAL STATEMENTS

Fund Manager: GWL Realty Advisors Inc.

Statement of Financial Position

(in Canadian $ thousands)	December 31, 2021	December 31, 2020
Assets		
Cash and short-term deposits	**$ 292,942**	$ 372,718
Investment income due and accrued	**405**	1,449
Due from The Canada Life Assurance Company (note 9)	**324**	2,598
Due from brokers	**–**	–
Due from outside parties	**69,449**	38,614
Investments		
Bonds	**156,420**	500,156
Investment properties	**6,154,819**	5,610,690
Total investments	**6,311,239**	6,110,846
Total assets	**$ 6,674,359**	$ 6,526,225
Liabilities		
Due to The Canada Life Assurance Company (note 9)	**$ –**	$ –
Due to brokers	**15**	15
Due to outside parties	**142,542**	120,650
Lease liabilities (note 3)	**75,857**	85,561
Mortgages on investment properties (note 4)	**1,140,036**	1,123,685
Total liabilities excluding net assets attributable to contractholders	**1,358,450**	1,329,911
Net assets attributable to contractholders	**$ 5,315,909**	$ 5,196,314

Statement of Comprehensive Income

For the years ended (in Canadian $ thousands)	December 31, 2021	December 31, 2020
Income		
Net gain (loss) on investments	**$ 375,642**	$ (59,706)
Investment properties income	**420,357**	435,177
Miscellaneous income (loss)	**367**	332
Total income	**796,366**	375,803
Expenses		
Management fees (note 9)	**16,872**	21,190
Investment properties expenses	**236,269**	245,875
Transaction costs	**–**	–
Withholding taxes	**–**	–
Other	**1,848**	2,328
Total expenses	**254,989**	269,393
Net increase (decrease) in net assets from operations attributable to contractholders	**$ 541,377**	$ 106,410

Statement of Changes in Net Assets Attributable to Contractholders

For the years ended (in Canadian $ thousands)	December 31, 2021	December 31, 2020
Net assets attributable to contractholders – beginning of year	**$ 5,196,314**	$ 5,163,317
Contractholder deposits	**319,709**	152,337
Contractholder withdrawals	**(741,491)**	(225,750)
Increase (decrease) in net assets from operations attributable to contractholders	**541,377**	106,410
Change in net assets attributable to contractholders	**119,595**	32,997
Net assets attributable to contractholders – end of year	**$ 5,315,909**	$ 5,196,314

Statement of Cash Flows

For the years ended December 31 (in Canadian $ thousands)	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating Activities		
Increase (decrease) in net assets from operations attributable to contractholders	$ **541,377**	$ 106,410
Adjustments		
Add back amortization of premium (discount)	**–**	(197)
Add back amortization of lease inducements	**12,633**	19,570
Add back interest expense on lease liabilities (note 3)	**1,837**	2,089
Less lease payments and disposals (note 3)	**(11,541)**	(3,222)
Realized (gains) losses		
Bonds	**1,175**	(626)
Investment properties	**(15,942)**	(82,483)
Unrealized (gains) losses		
Bonds	**21,609**	(81)
Investment properties	**(344,290)**	102,340
Gross proceeds of disposition		
Bonds	**329,600**	83,695
Investment properties	**56,704**	411,520
Gross payments for purchases		
Bonds	**(1,605)**	(391,652)
Investment properties	**(253,234)**	(124,290)
Change in investment income due and accrued	**1,044**	(931)
Change in due from/to The Canada Life Assurance Company	**2,274**	(4,943)
Change in due from/to outside parties	**(8,943)**	(15,424)
Change in mortgages on investment properties	**16,351**	48,905
	349,049	150,680

For the years ended December 31 (in Canadian $ thousands)	2021	2020
Financing Activities		
Contractholder deposits	**319,709**	152,337
Contractholder withdrawals	**(741,491)**	(225,750)
	(421,782)	(73,413)
Net increase (decrease) in cash and short-term deposits (less than 90 days)	**(72,733)**	77,267
Cash and short-term deposits (less than 90 days), beginning of year	**240,779**	163,512
Cash and short-term deposits (less than 90 days), end of year	**$ 168,046**	$ 240,779
Cash and short-term deposits comprises		
Cash and short-term deposits (less than 90 days)	**$ 168,046**	$ 240,779
Cash and short-term deposits (90 days to less than a year)	**124,896**	131,939
Cash and short-term deposits, end of year	**$ 292,942**	$ 372,718
Supplementary cash flow information		
Interest income received	**$ 6,731**	$ 4,221
Mortgage interest paid	**32,415**	34,523

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2021 (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 2.35% 06-15-2023	37,000,000	38,455	37,742
Canada Housing Trust No. 1 2.40% 12-15-2022	35,005,000	36,490	35,555
Government of Canada 1.50% 06-01-2023	40,000,000	40,973	40,367
Government of Canada 2.00% 09-01-2023	42,000,000	44,116	42,756
Total Federal Government		160,034	156,420
Total Canadian Bonds		160,034	156,420
Total Bonds		160,034	156,420

SCHEDULE OF INVESTMENT PORTFOLIO

(in Canadian $ thousands, except net rentable area (N.R.A.))
As at December 31, 2021

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	2021 NOI
British Columbia										
840 Howe Street * Vancouver, British Columbia	50.00%	Office	1-Mar-97	26,548	95,650	31-Dec-21	100,062	99.50%	–	3,116
650 West Georgia Street *[1] Vancouver, British Columbia	25.00%	Office	12-Dec-01	37,345	101,537	31-Dec-21	118,305	91.75%	–	3,434
4750 Arbutus Street Vancouver, British Columbia	50.00%	Residential	10-Jan-02	12,530	29,550	31-Dec-21	39,386	100.00%	(6,750)	1,038
4600 Jacombs Road Richmond, British Columbia	50.00%	Office	18-Sep-02	8,611	11,055	31-Dec-21	37,595	100.00%	–	405
7200 Market Crossing Burnaby, British Columbia	50.00%	Retail	23-Oct-17	87,329	83,050	31-Dec-21	133,461	98.71%	–	3,267
14815 – 108th Avenue Surrey, British Columbia	69.93%	Retail	1-Jun-06	22,622	12,433	31-Dec-21	71,283	100.00%	–	398
3200 Island Highway Nanaimo, British Columbia	52.45%	Retail	1-Jun-06	56,205	56,643	31-Dec-21	201,499	94.83%	(33,023)	1,775
2401 Millstream Road Victoria, British Columbia	70.00%	Retail	2-Aug-07	74,082	60,130	31-Dec-21	184,477	92.84%	–	2,511
7488 King George Highway Surrey, British Columbia	70.00%	Retail	16-Apr-08	31,372	39,970	31-Dec-21	101,235	95.56%	–	1,955
1500 & 1575 Banks Road Kelowna, British Columbia	70.00%	Retail	3-Nov-08	36,392	38,780	31-Dec-21	105,468	90.67%	–	1,689
2130 Louie Drive West Kelowna, British Columbia	100.00%	Retail	15-Mar-17	64,647	50,400	31-Dec-21	256,821	90.54%	–	2,235
753 Seymour Street * Vancouver, British Columbia	25.00%	PUD	12-Dec-01	56,213	70,706	31-Dec-21	n/a	n/a	–	(96)

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	2021 NOI
Alberta										
4637 Macleod Trail S.W. Calgary, Alberta	100.00%	Residential	1-Nov-96	20,709	38,900	31-Dec-21	172,838	98.47%	(12,028)	1,299
300 – 5th Avenue S.E. * Calgary, Alberta	55.00%	Office	17-Dec-96	32,875	12,870	31-Dec-21	222,541	45.55%	–	349
11012 Jasper Avenue Edmonton, Alberta	100.00%	Residential	30-Jun-97	28,141	46,900	31-Dec-21	182,798	78.48%	(29,883)	1,066
10145 – 121st Street Edmonton, Alberta	100.00%	Residential	18-Apr-98	14,100	25,200	31-Dec-21	101,533	87.34%	–	701
605 – 5th Avenue S.W. * Calgary, Alberta	25.00%	Office	12-Jun-00	30,663	16,600	31-Dec-21	124,736	49.48%	–	380
530 – 8th Avenue S.W. Calgary, Alberta	75.00%	Office	10-Jul-00	88,225	63,900	31-Dec-21	306,431	76.30%	–	4,482
1300 – 8th Street SW Calgary, Alberta	100.00%	Office	23-Nov-18	6,314	4,300	31-Dec-21	35,188	22.04%	–	(186)
300 & 350 – 7th Avenue S.W. * Calgary, Alberta	37.50%	Office	23-Sep-05	83,141	25,988	31-Dec-21	191,455	75.68%	–	2,453
9940 – 106th Street N.W. Edmonton, Alberta	69.93%	Office	21-Jun-06	21,242	22,657	31-Dec-21	118,995	94.23%	–	2,299
9942 – 108th Street N.W. Edmonton, Alberta	69.93%	Office	21-Jun-06	18,364	18,252	31-Dec-21	109,541	100.00%	–	1,717
6703 – 68th Avenue N.W. Edmonton, Alberta	70.00%	Industrial	15-Aug-07	59,034	50,470	31-Dec-21	394,762	81.99%	–	2,730
5103 – 36th Street N.W. and portion of 3604 – 51st Avenue N.W. Edmonton, Alberta	50.00%	Land	28-Feb-03	3,477	5,450	31-Dec-21	n/a	n/a	–	(99)
4035 – 53rd Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	14,014	11,300	31-Dec-21	94,835	56.73%	–	248
3603 – 53rd Avenue N.W. Edmonton, Alberta	50.00%	Land	28-Feb-03	2,225	3,350	31-Dec-21	n/a	n/a	–	(58)

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	2021 NOI
3604 – 51st Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	5,342	6,450	31-Dec-21	39,004	100.00%	–	346
3806 – 51st Avenue N.W. Edmonton, Alberta	50.00%	Industrial	28-Feb-03	4,929	5,400	31-Dec-21	35,987	83.34%	–	5
401 – 9th Avenue S.W. * Calgary, Alberta	35.00%	Office	13-Dec-07	154,370	68,810	31-Dec-21	375,943	83.60%	–	7,900
7103 – 68th Avenue N.W. Edmonton, Alberta	70.00%	Industrial	4-May-12	53,461	41,300	31-Dec-21	264,189	92.58%	–	2,587
6301, 6315, 6325 – 106th Avenue S.E. Calgary, Alberta	70.00%	Industrial	17-Dec-14	98,795	120,680	31-Dec-21	745,500	100.00%	(68,525)	6,367
35, 65 & 69 Mackenzie Way S.W. Airdrie, Alberta	100.00%	Retail	1-Mar-17	22,884	18,000	31-Dec-21	71,152	100.00%	–	1,045
124 – 8th Street S.W. Airdrie, Alberta	100.00%	Land	1-Mar-17	2,409	1,850	31-Dec-21	n/a	n/a	–	(47)
1216 – 8th Street S.W. Calgary, Alberta	100.00%	Retail	23-Feb-18	12,559	9,400	31-Dec-21	8,224	–%	–	(139)
McLellan development land Balzac, Alberta	100.00%	Land	20-Dec-21	23,600	23,600	31-Dec-21	n/a	n/a	–	-
Saskatchewan										
225 Betts Avenue Saskatoon, Saskatchewan	70.00%	Retail	24-Jul-12	60,543	46,830	31-Dec-21	177,178	100.00%	–	2,989
Manitoba										
200 Graham Avenue Winnipeg, Manitoba	100.00%	Office	22-Dec-15	55,173	35,000	31-Dec-21	147,588	79.60%	–	1,613
Ontario										
185 Enfield Place Mississauga, Ontario	40.00%	Land	13-Jul-87	14,644	16,190	31-Dec-21	n/a	n/a	–	14
2160 Lakeshore Road Burlington, Ontario	100.00%	Residential	15-Jan-97	37,674	73,600	31-Dec-21	162,476	96.25%	–	2,289

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	2021 NOI
50 Prince Arthur Avenue Toronto, Ontario	100.00%	Residential	15-Jul-97	45,230	115,400	31-Dec-21	165,620	99.33%	(18,717)	3,578
255 Albert Street Ottawa, Ontario	100.00%	Office	16-Jan-98	32,311	61,700	31-Dec-21	208,429	97.89%	–	3,093
6 Silver Maple Court Brampton, Ontario	100.00%	Residential	30-Apr-98	45,812	108,100	31-Dec-21	314,085	91.15%	(18,368)	3,098
1551 Lycee Place Ottawa, Ontario	100.00%	Residential	09-Apr-99	32,369	65,000	31-Dec-21	191,130	95.74%	(18,486)	2,101
5140 Yonge Street Toronto, Ontario	100.00%	Office	30-Aug-99	101,635	157,200	31-Dec-21	556,528	62.98%	(106,655)	12,673
400 Walmer Road(1) Toronto, Ontario	65.00%	Residential	27-Dec-00	152,623	145,661	31-Dec-21	358,348	94.33%	(674)	4,651
200 University Avenue Toronto, Ontario	50.00%	Office	30-Nov-00	17,436	34,750	31-Dec-21	73,200	80.59%	–	947
5166–5170 Lakeshore Road Burlington, Ontario	100.00%	Residential	15-Jan-97	42,586	88,400	31-Dec-21	212,494	95.57%	(33,909)	2,693
2220 Marine Drive Oakville, Ontario	50.00%	Residential	26-Aug-02	14,685	32,700	31-Dec-21	74,163	93.29%	(8,300)	1,030
269 Laurier Avenue West Ottawa, Ontario	50.00%	Office	01-Jan-03	39,360	86,500	31-Dec-21	179,942	98.89%	(38,122)	3,962
88 Redpath Avenue & 65 Lillian Street Toronto, Ontario	100.00%	Residential	05-Aug-98	68,215	143,900	31-Dec-21	207,631	96.33%	(42,630)	4,075
40 High Park Avenue and 77 Quebec Avenue Toronto, Ontario	75.00%	Residential	25-Mar-03	93,296	175,725	31-Dec-21	313,033	92.87%	(32,989)	4,213
640, 642, 644 Sheppard Avenue East Toronto, Ontario	75.00%	Residential	25-Mar-03	58,320	129,825	31-Dec-21	264,722	95.55%	(50,644)	3,511
2260 Argentia Road Mississauga, Ontario	100.00%	Industrial	01-Jun-03	16,148	34,900	31-Dec-21	130,124	100.00%	–	876
6665, 6675–6685 Millcreek Road Mississauga, Ontario	100.00%	Industrial	01-Jun-03	12,688	36,000	31-Dec-21	119,765	100.00%	–	793

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	2021 NOI
6695 & 6705 Millcreek Road Mississauga, Ontario	100.00%	Industrial	01-Jun-03	13,337	31,500	31-Dec-21	109,801	78.95%	–	831
6715 & 6725 Millcreek Road Mississauga, Ontario	100.00%	Industrial	01-Jun-03	11,674	28,000	31-Dec-21	94,796	84.61%	–	724
33 Yonge Street Toronto, Ontario	50.00%	Office	01-Jul-03	84,606	173,150	31-Dec-21	262,383	93.63%	(103,559)	5,242
2250 Argentia Road Mississauga, Ontario	100.00%	Industrial	01-Jun-03	3,053	8,200	31-Dec-21	31,910	100.00%	–	278
7070 Mississauga Road * Mississauga, Ontario	25.00%	Office	07-Aug-03	11,788	18,250	31-Dec-21	61,032	100.00%	–	912
55 – 425 Superior Boulevard Mississauga, Ontario	35.00%	Industrial	11-Oct-01	21,439	69,195	31-Dec-21	271,924	97.86%	(20,547)	2,154
50 High Park Avenue and 55 Quebec Avenue Toronto, Ontario	75.00%	PUD	25-Mar-03	166,446	217,169	31-Dec-21	n/a	n/a	–	2,456
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	33,270	110,425	31-Dec-21	379,946	100.00%	(34,950)	3,318
3485 Steeles Avenue East Brampton, Ontario	35.00%	Industrial	11-Oct-01	5,254	19,635	31-Dec-21	61,345	100.00%	(5,864)	604
3495 Steeles Avenue East Brampton, Ontario	35.00%	Industrial	11-Oct-01	5,941	18,375	31-Dec-21	56,121	100.00%	(6,479)	576
2679–2831 Bristol Circle Oakville, Ontario	35.00%	Industrial	11-Oct-01	18,695	68,460	31-Dec-21	230,980	100.00%	(16,215)	1,664
3755, 3800 A & B Laird Road and 3500 & 3600 Ridgeway Drive Mississauga, Ontario	70.00%	Industrial	21-Dec-16	64,154	102,130	31-Dec-21	351,962	100.00%	–	3,215
361–375 Mountainview Road South Georgetown, Ontario	100.00%	Retail	20-Dec-19	43,561	39,300	31-Dec-21	111,746	99.01%	–	2,482

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	2021 NOI
1541 Lycee Place Ottawa, Ontario	50.00%	Residential	07-Aug-02	20,331	35,600	31-Dec-21	122,109	96.45%	(7,879)	1,163
1 Van Der Graaf Court Brampton, Ontario	50.00%	Industrial	16-Feb-04	4,093	14,100	31-Dec-21	51,103	100.00%	–	169
1 Woodslea Road Brampton, Ontario	50.00%	Industrial	16-Feb-04	5,427	18,150	31-Dec-21	55,074	100.00%	–	375
5 Intermodal Drive Brampton, Ontario	50.00%	Industrial	28-May-04	3,390	13,050	31-Dec-21	43,554	100.00%	–	288
2844 Bristol Circle Oakville, Ontario	35.00%	Industrial	31-Jan-05	3,732	13,195	31-Dec-21	47,015	100.00%	(3,321)	278
7030 Century Avenue Mississauga, Ontario	100.00%	Other	18-Feb-05	8,414	12,100	31-Dec-21	67,953	100.00%	–	484
415–419 Milner Avenue Scarborough, Ontario	100.00%	Industrial	07-Dec-84	4,798	22,800	31-Dec-21	95,763	100.00%	–	768
445 Milner Avenue Scarborough, Ontario	100.00%	Industrial	07-Dec-84	2,839	11,000	31-Dec-21	42,165	100.00%	–	393
455 Milner Avenue Scarborough, Ontario	100.00%	Industrial	07-Dec-84	2,674	11,900	31-Dec-21	46,344	100.00%	–	314
465 Milner Avenue Scarborough, Ontario	100.00%	Industrial	07-Dec-84	3,448	15,300	31-Dec-21	57,127	100.00%	–	522
50–70 Novopharm Court Scarborough, Ontario	100.00%	Industrial	07-Dec-84	2,526	9,900	31-Dec-21	41,887	100.00%	–	248
20–24 York Street[1] Ottawa, Ontario	50.00%	Residential	27-Sep-05	21,004	29,214	31-Dec-21	47,327	94.17%	(13,954)	624
1 Adelaide Street East, 20 Victoria Street and 85 Yonge Street * Toronto, Ontario	35.00%	Office	27-Feb-19	173,622	138,250	31-Dec-21	228,730	91.77%	(86,226)	6,730
35, 41–63, 65 & 95 High Park Avenue and 66 & 102–116 Pacific Avenue Toronto, Ontario	50.00%	Residential	01-Mar-99	91,415	221,230	31-Dec-21	349,639	89.17%	(99,732)	5,089

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	2021 NOI
One City Centre Drive Mississauga, Ontario	40.00%	Office	17-Aug-07	40,759	32,920	31-Dec-21	116,554	65.06%	–	1,382
One City Centre Drive Mississauga, Ontario	40.00%	Land	17-Aug-07	3,838	9,160	31-Dec-21	n/a	n/a	–	1
320 McRae Avenue Ottawa, Ontario	100.00%	Land	09-Jan-19	40,791	34,174	31-Dec-21	n/a	n/a	–	(5)
8400–8450 Lawson Road Burlington, Ontario	70.00%	Industrial	21-Dec-07	19,965	47,110	31-Dec-21	165,190	100.00%	–	1,268
800–900 Main Street East Milton, Ontario	70.00%	Retail	14-Mar-08	28,399	29,680	31-Dec-21	68,025	100.00%	–	1,922
2100 Derry Road Mississauga, Ontario	50.00%	Office	22-Sep-06	16,867	14,550	31-Dec-21	53,469	100.00%	–	809
2050 Derry Road Mississauga, Ontario	50.00%	Office	22-Sep-06	17,075	18,300	31-Dec-21	62,582	100.00%	–	802
7025 Langer Drive Mississauga, Ontario	50.00%	Office	22-Sep-06	9,751	8,300	31-Dec-21	32,238	100.00%	–	413
Abbotside Way Lands Caledon, Ontario	100.00%	Land	04-Nov-20	9,374	8,469	31-Dec-21	n/a	n/a	–	(80)
415 Thompson Drive Cambridge, Ontario	100.00%	Industrial	08-Feb-08	14,848	25,000	31-Dec-21	140,000	100.00%	(4,282)	1,067
4 King Street West Toronto, Ontario	70.00%	Office	14-Mar-08	73,732	107,380	31-Dec-21	204,448	97.29%	(22,049)	4,119
155 University Avenue Toronto, Ontario	70.00%	Office	14-Mar-08	44,232	66,430	31-Dec-21	131,624	76.11%	–	2,047
145–167 Bell Boulevard Belleville, Ontario	70.00%	Retail	04-Jan-07	11,087	8,680	31-Dec-21	46,786	82.20%	–	491
5150–5160 Yonge Street Toronto, Ontario	70.00%	Office	17-Oct-08	165,580	159,460	31-Dec-21	503,493	75.19%	–	1,409
350–360 Cresthaven Drive Ottawa, Ontario	100.00%	Retail	01-Aug-18	20,600	19,400	31-Dec-21	48,387	100.00%	(11,982)	1,074

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	2021 NOI
2310–2330 Highway 2 Bowmanville, Ontario	70.00%	Retail	24-Jul-12	47,341	37,240	31-Dec-21	164,023	100.00%	–	2,688
200 Kent Street Ottawa, Ontario	100.00%	Office	08-Aug-12	150,258	151,700	31-Dec-21	387,286	100.00%	(76,657)	7,526
3130, 3470, 3480, 3490, 3500, 3505, 3520, 3530, 3535, 3550, 3580, 3585, 3600 A & B, 3615 & 3620 A & B Laird Road Mississauga, Ontario	70.00%	Industrial	15-Oct-13	98,338	256,970	31-Dec-21	797,357	93.88%	–	7,070
3200, 3250, 3300, 3330 & 3350 Ridgeway Drive Mississauga, Ontario	70.00%	Industrial	15-Oct-13	40,339	93,590	31-Dec-21	312,489	97.85%	–	3,174
8350 Lawson Road Burlington, Ontario	100.00%	Industrial	26-May-21	92,457	91,900	31-Dec-21	321,028	100.00%	–	1,386
185 Enfield Place Phase II Mississauga, Ontario	40.00%	Land	13-Jul-87	855	2,011	31-Dec-21	n/a	n/a	–	–
Quebec										
4600 Poirier Boulevard St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	6,164	16,800	31-Dec-21	104,560	100.00%	–	440
9415–9495 Trans-Canada Highway St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	5,090	13,400	31-Dec-21	88,951	99.96%	–	508
9305–9405 Trans-Canada Highway St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	6,914	16,900	31-Dec-21	113,256	100.00%	–	589
6520–6620 Abrams Street St. Laurent, Quebec	100.00%	Industrial	14-Mar-02	11,380	29,200	31-Dec-21	189,889	99.98%	–	991
2200 Trans-Canada Highway Pointe Claire, Quebec	100.00%	Industrial	14-Mar-02	20,932	67,600	31-Dec-21	411,265	100.00%	–	2,559
43–55 Cite des Jeunes Boulevard Vaudreuil-Dorion, Quebec	70.00%	Retail	21-Jul-06	20,199	21,280	31-Dec-21	91,852	100.00%	–	1,412
224 Joseph-Casavant Avenue Beauport, Quebec	70.00%	Retail	11-Jun-08	15,371	14,490	31-Dec-21	121,990	100.00%	–	976

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	2021 NOI
819–847 Rue Clemenceau Beauport, Quebec	70.00%	Retail	31-Jan-14	33,850	29,400	31-Dec-21	129,240	96.74%	–	1,489
1350 Rene Levesque Boulevard * Montreal, Quebec	35.00%	Office	14-Dec-16	93,066	101,990	31-Dec-21	186,714	98.65%	(49,357)	4,197
1360 Rene Levesque Boulevard * Montreal, Quebec	35.00%	Office	14-Dec-16	54,918	74,060	31-Dec-21	138,851	86.77%	(30,251)	2,137
1025 Lucien L'Allier * Montreal, Quebec	35.00%	Other	14-Dec-16	1,925	3,535	31-Dec-21	n/a	n/a	–	(20)
5999 Monkland Avenue Montreal, Quebec	100.00%	Residential	26-May-17	51,023	53,000	31-Dec-21	137,664	78.79%	(27,029)	1,064
4075 Industriel Boulevard Laval, Quebec	100.00%	Industrial	02-Aug-18	6,555	9,500	31-Dec-21	50,712	100.00%	–	312
5555 rue William-Price Laval, Quebec	100.00%	Industrial	02-Aug-18	9,675	13,600	31-Dec-21	75,000	100.00%	–	437
4101–4117 Industriel Boulevard Laval, Quebec	100.00%	Industrial	02-Aug-18	7,030	9,300	31-Dec-21	54,236	100.00%	–	369
4133–4137 Industriel Boulevard Laval, Quebec	100.00%	Industrial	02-Aug-18	8,397	12,700	31-Dec-21	61,483	100.00%	–	396
4177–4201 Industriel Boulevard Laval, Quebec	100.00%	Industrial	02-Aug-18	19,015	25,500	31-Dec-21	150,817	100.00%	–	903
Atlantic										
1959 Upper Water Street * Halifax, Nova Scotia	33.33%	Office	14-Jun-83	23,916	26,064	31-Dec-21	109,009	61.53%	–	809
1969 Upper Water Street * Halifax, Nova Scotia	33.33%	Office	31-Dec-93	20,742	30,264	31-Dec-21	122,627	63.47%	–	800

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	2021 NOI
United States										
396 West Greens Road Houston, Texas	70.00%	Office	21-Jun-06	29,474	5,466	31-Dec-21	132,911	9.21%	–	(1,413)
8101 Sam Houston Parkway Houston, Texas	70.00%	Office	21-Jun-06	20,372	9,856	31-Dec-21	95,759	100.00%	–	959
Current and prior year(s) sold property										1,805
Investment Properties – subtotal				4,498,942	6,154,819		18,243,201		(1,140,036)	217,554
Less: lease liabilities				(78,798)	(75,857)					
Less: mortgages on investment properties				(1,119,190)	(1,140,036)					
Capitalization of loss on assumed mortgages				(4,949)	–					
Total Investment Properties – net				3,296,005	4,938,926					
Total Bonds				160,034	156,420					
Total Investments – net				3,456,039	5,095,346					

* Represents interest in a joint operation.

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

Building Name and Address	Percent of Ownership	Property Type	Date of Purchase	Lease Liabilities
650 West Georgia Street Vancouver, British Columbia	25.00%	Office	12-Dec-01	(587)
400 Walmer Road Toronto, Ontario	65.00%	Residential	27-Dec-00	(72,406)
20–24 York Street Ottawa, Ontario	50.00%	Residential	27-Sep-05	(2,864)
Total				(75,857)

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, 2021, and groups the securities by asset type, geographic region and/or market segment. The following sections describe the significant risks that are relevant to the Fund.

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

B. LIQUIDITY RISK

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

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

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

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

As at December 31, 2021, 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, 2022	$ 80,944
December 31, 2023	97,710
December 31, 2024	91,419
December 31, 2025	112,896
December 31, 2026	214,305
Thereafter	521,916
	1,119,190
Fair value adjustment	20,846
Total	$ 1,140,036

C. CURRENCY RISK

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

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2021 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.

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

* Includes both monetary and non-monetary instruments.

				2020
Currency	Investments	Cash, Short-term Deposits and Overdrafts	Total*	Impact on Net Assets Attributable to Contractholders
United States Dollar	$ 15,388	$ 10,444	$ 25,832	$ 258
Total	$ 15,388	$ 10,444	$ 25,832	$ 258
As Percent of Net Assets Attributable to Contractholders			0.5%	

* 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.

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

					2020
	1 year or less	Over 1 year to 5 years*	Over 5 years to 10 years	Over 10 years	Total
Bonds	$ 123,994	$ 376,162	$ –	$ –	$ 500,156

* Includes bonds of a related company with a fair value of $41,535 (note 9).

As at December 31, 2021, for bonds, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately $2,113 ($8,160 at December 31, 2020) or approximately 0.04% (0.16% at December 31, 2020). 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 (note 10).

As at December 31, 2021, for mortgages on investment properties, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets attributable to contractholders would have decreased or increased, respectively, by approximately $50,312 ($46,660 at December 31, 2020) and approximately 0.95% (0.90% at December 31, 2020) 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, 2021. 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 2021 and 2020 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 2021 or 2020.

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:

	2021		2020	
	Percent of Total Bonds (%)	**Percent of Total Net Assets Attributable to Contractholders (%)**	Percent of Total Bonds (%)	Percent of Total Net Assets Attributable to Contractholders (%)
AAA	**46.9**	**1.4**	40.1	3.9
AA	**53.1**	**1.6**	51.6	5.0
NR*	**–**	**–**	8.3	0.8
Total	**100.0**	**3.0**	100.0	9.7

* Bonds disclosed as 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:

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

				2020
	Assets and Liabilities Measured at Fair Value			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Bonds	$ –	$ 458,621	$ 41,535	$ 500,156
Investment properties	–	–	5,610,690	5,610,690
Total assets measured at fair value	$ –	$ 458,621	$ 5,652,225	$ 6,110,846
Liabilities measured at fair value				
Mortgages on investment properties	$ –	$ 1,123,685	$ –	$ 1,123,685
Net assets attributable to contractholders measured at fair value	$ –	$ (665,064)	$ 5,652,225	$ 4,987,161

There were no significant transfers between Level 1 and Level 2 during 2021 or 2020.

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:

	2021		2020	
	Bonds	Investment properties	Bonds	Investment properties
Balance, beginning of year	**$ 41,535**	**$ 5,610,690**	$ 43,095	$ 5,937,347
Total gain (loss) included in net assets from operations attributable to contractholders	**(15,799)**	**360,232**	(1,560)	(19,857)
Purchases	**–**	**240,601**	–	104,720
Sales	**(25,736)**	**(56,704)**	–	(411,520)
Settlements	**–**	**–**	–	–
Transfers into Level 3	**–**	**–**	–	–
Transfers out of Level 3	**–**	**–**	–	–
Balance, end of year	**$ –**	**$ 6,154,819**	$ 41,535	$ 5,610,690
Total gain (loss) for the year included in net gain (loss) on investments for Level 3 assets held at the end of year	**$ –**	**$ 345,689**	$ (1,560)	$ (69,844)

G. CARRYING VALUE OF INVESTMENT PROPERTIES

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

	2021	2020
Balance, beginning of year	**$ 5,610,690**	$ 5,937,347
Additions	**240,601**	104,720
Change in fair value through profit or loss	**359,818**	(18,406)
Disposals	**(56,704)**	(411,520)
Foreign exchange rate changes	**414**	(1,451)
Balance, end of year	**$ 6,154,819**	$ 5,610,690

H. SIGNIFICANT UNOBSERVABLE INPUTS

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

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

	Inter-relationship between key unobservable inputs and fair value measurements						
	Discount Rate[1]			Reversionary Rate[2]			Vacancy Rate[3]
Property Type	**Min**	**Max**	**Weighted Average**	**Min**	**Max**	**Weighted Average**	**Weighted Average**
Office	5.3%	10.5%	6.3%	4.3%	8.5%	5.4%	19.7%
Industrial	5.3%	7.0%	5.5%	4.5%	6.0%	5.0%	3.4%
Retail	5.3%	8.5%	6.6%	4.5%	7.5%	5.8%	4.1%
Commercial	5.0%	10.5%	6.0%	4.3%	8.5%	5.3%	9.8%
Residential[4]	3.3%	4.5%	3.5%	n/a	n/a	n/a	7.3%
Total	**3.3%**	**10.5%**	**5.4%**	**4.3%**	**8.5%**	**5.3%**	**9.4%**

[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 at December 31, 2021, the Fund has pledged $2,970,343 ($2,349,340 at December 31, 2020).

J. COMMITMENTS

As at December 31, 2021, the Fund has contractual obligations of $232,850 ($100,050 at December 31, 2020) to purchase, construct or develop investment properties for repairs, maintenance and enhancements.

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

Net Assets Attributable to Contractholders by Category

For the years ended December 31 (in Canadian $, except number of units outstanding)	Number of units outstanding					Net asset value (in $ thousands)				
	2021	2020	2019	2018	2017	**2021**	2020	2019	2018	2017
Investment Only	**988,655**	1,062,936	1,056,204	1,124,579	1,151,246	**2,830,214**	2,728,094	2,644,441	2,580,844	2,468,782
Investment Only (AI)	**787,844**	650,108	632,672	460,302	406,034	**543,699**	417,547	411,740	286,255	246,267
Investment Only (AC/AL)	**2,880,030**	2,776,761	2,805,374	2,639,342	2,466,452	**1,109,804**	959,022	944,883	814,577	711,074
Individual No-Load (IA)	**501,881**	677,507	728,643	785,466	914,595	**189,347**	235,981	254,946	259,397	290,449
Individual Back-End Load (IB)	**273,772**	398,616	427,484	502,889	579,320	**108,321**	145,603	156,859	174,158	193,060
Managed Money (IC)	**39,396**	48,463	49,425	54,954	60,565	**32,681**	36,643	37,061	38,397	40,188
75/75 guarantee policy	**4,956,258**	6,778,091	7,150,974	5,931,054	5,058,972	**93,072**	117,514	124,544	97,508	80,044
75/100 guarantee policy	**2,045,891**	3,384,919	3,616,139	3,336,827	3,025,245	**37,873**	57,900	62,196	54,225	47,360
100/100 guarantee policy	**187,895**	316,057	303,351	231,193	224,952	**3,280**	5,120	4,962	3,589	3,379
PS1 75/75 guarantee policy	**4,441,677**	6,154,902	6,406,423	5,274,752	4,904,039	**72,194**	91,954	95,719	74,061	65,968
PS1 75/100 guarantee policy	**1,979,222**	2,904,070	2,982,152	2,633,732	2,245,141	**31,677**	42,787	44,011	36,583	29,926
PS1 100/100 guarantee policy	**129,092**	207,325	197,076	172,293	173,472	**1,995**	2,960	2,829	2,336	2,266
PS2 75/75 guarantee policy	**3,185,654**	4,552,734	5,029,714	5,054,929	4,904,635	**66,014**	84,558	91,101	83,896	76,040
PS2 75/100 guarantee policy	**1,105,784**	1,582,463	1,633,460	1,525,943	1,409,338	**22,914**	29,391	29,586	25,326	21,850
PS2 100/100 guarantee policy	**20,710**	43,020	49,312	24,387	31,128	**429**	799	893	405	483
PS 75/75 guarantee policy	**845,925**	1,652,581	1,674,244	543,251	–	**10,238**	18,266	18,391	5,574	–
PS 75/100 guarantee policy	**202,311**	283,850	284,880	87,501	–	**2,438**	3,127	3,122	896	–
PPS 75/75 guarantee policy	**1,526,475**	2,884,905	2,854,981	984,067	–	**18,752**	32,221	31,550	10,111	–
PPS 75/100 guarantee policy	**40,999**	48,233	49,583	–	–	**501**	536	546	–	–

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

Net Assets Attributable to Contractholders Per Unit (note 8)

	Net asset value per unit ($)					Increase (decrease) per unit ($)	
For the years ended December 31	2021	2020	2019	2018	2017	2021	2020
Investment Only	**2,862.69**	2,566.57	2,503.72	2,294.94	2,144.44	**296.12**	62.85
Investment Only (AI)	**690.11**	642.27	650.80	621.88	606.52	**47.84**	(8.53)
Investment Only (AC/AL)	**385.34**	345.37	336.81	308.63	288.30	**39.97**	8.56
Individual No-Load (IA)	**377.27**	348.31	349.89	330.25	317.57	**28.96**	(1.58)
Individual Back-End Load (IB)	**395.66**	365.27	366.93	346.32	333.25	**30.39**	(1.66)
Managed Money (IC)	**829.55**	756.10	749.85	698.72	663.56	**73.45**	6.25
75/75 guarantee policy	**18.78**	17.34	17.42	16.44	15.82	**1.44**	(0.08)
75/100 guarantee policy	**18.51**	17.11	17.20	16.25	15.65	**1.40**	(0.09)
100/100 guarantee policy	**17.46**	16.20	16.36	15.52	15.02	**1.26**	(0.16)
PS1 75/75 guarantee policy	**16.25**	14.94	14.94	14.04	13.45	**1.31**	–
PS1 75/100 guarantee policy	**16.00**	14.73	14.76	13.89	13.33	**1.27**	(0.03)
PS1 100/100 guarantee policy	**15.45**	14.28	14.35	13.56	13.06	**1.17**	(0.07)
PS2 75/75 guarantee policy	**20.72**	18.57	18.11	16.60	15.50	**2.15**	0.46
PS2 75/100 guarantee policy	**20.72**	18.57	18.11	16.60	15.50	**2.15**	0.46
PS2 100/100 guarantee policy	**20.72**	18.57	18.11	16.60	15.50	**2.15**	0.46
PS 75/75 guarantee policy	**12.10**	11.05	10.98	10.26	–	**1.05**	0.07
PS 75/100 guarantee policy	**12.05**	11.02	10.96	10.25	–	**1.03**	0.06
PPS 75/75 guarantee policy	**12.28**	11.17	11.05	10.27	–	**1.11**	0.12
PPS 75/100 guarantee policy	**12.21**	11.12	11.02	–	–	**1.09**	0.10

NOTES TO THE FINANCIAL STATEMENTS

(in Canadian $ thousands)

1. THE FUND

The Fund is offered by The Canada Life Assurance Company.

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

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

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

The financial statements of the Fund as at and for the year ended December 31, 2021 were approved for issue by the Company on March 17, 2022.

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, 2021. 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 adopted the *Interest Rate Benchmark Reform – Phase 2* amendments to IFRS for IFRS 9, *Financial Instruments,* IFRS 7, *Financial Instruments: Disclosures,* and IFRS 16, *Leases,* effective January 1, 2021. The adoption of these amendments did not have a significant impact on the Fund's financial statements.

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 fair value through profit and loss (FVTPL) provides the most appropriate measurement and presentation of the Fund's financial instruments.

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

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

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

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

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

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

Impact of COVID-19 on Estimates, Significant Accounting Judgments and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Fund operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

The onset of the COVID-19 pandemic created unprecedented global challenges, affecting all asset classes, including real estate. The Appraisal Institute of Canada recommended that appraisers exercise a high degree of caution with appraisals and include limiting conditions on their opinions, thus impairing the reliability and usefulness of their valuations to the Fund. On March 20, 2020, the Company determined there was material valuation uncertainty related to the Fund's properties and temporarily suspended contributions to and transfers into, as well as redemptions and transfers out of, the Fund.

On June 26, 2020, the Company resumed the valuation of the properties of the Fund as conditions improved, providing better visibility of the impact of COVID-19 on the cash flow of the properties. While conditions improved, the real estate investment market experienced a substantial decline in transaction volumes that would otherwise provide meaningful empirical evidence to support property valuations. As a result, appraisal valuations remained qualified by material valuation uncertainty provisions, limiting the Company's confidence in the valuation of the properties of the Fund. Market conditions continued to improve during the second half of 2020, with independent material valuation uncertainty disclosures being selectively removed across various asset classes.

On January 11, 2021, the Company lifted the temporary suspension on contributions to and transfers into the Fund, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity.

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

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

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

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

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

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 (PUD) held to earn rental income (which is recorded in the Statement of Comprehensive Income as investment properties income) or for capital appreciation or both. The cost of investment properties is acquisition cost plus the cost of capital improvements. Included within investment properties are right-of-use assets recognized for land leases. 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.

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

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

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

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

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

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

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

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

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

G) LEASE LIABILITIES

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

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

H) 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.

I) 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.

J) 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.

K) 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.

L) 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.

M) 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.

N) 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.

O) 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.

P) 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.

Q) 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.

R) 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 2021 or 2020. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. LEASE LIABILITIES

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

		2021		2020
Carrying value, beginning of year	**$**	**85,561**	$	86,694
Disposals		**(8,701)**		–
Lease payments		**(2,840)**		(3,222)
Interest expense		**1,837**		2,089
Carrying value, end of year	**$**	**75,857**	$	85,561

As at December 31, 2021, the approximate payments due on lease liabilities for the next five years ended and thereafter are as follows:

Year ended		Lease payments due
December 31, 2022	**$**	**2,820**
December 31, 2023		**2,820**
December 31, 2024		**2,823**
December 31, 2025		**2,831**
December 31, 2026		**2,831**
Thereafter		**108,025**
Total undiscounted lease obligations as at December 31, 2021	**$**	**122,150**

4. MORTGAGES ON INVESTMENT PROPERTIES

As at December 31, 2021, mortgages on investment properties are comprised of term mortgages which bear contractual interest rates ranging from 0.77% to 5.83% (2.02% to 6.07% at December 31, 2020), and a weighted average contractual interest rate of 2.97% (3.28% at December 31, 2020). 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 2022 to 2031.

5. DESCRIPTION OF UNITS

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

Investment Only units are available to:

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

Individual units are available to individuals for investment in:

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

Category I units are available under these different options:

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

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

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

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

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

6. CAPITAL MANAGEMENT

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

7. INCOME TAXES

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

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

8. NET ASSETS ATTRIBUTABLE TO CONTRACTHOLDERS PER UNIT

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

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

9. RELATED PARTY TRANSACTIONS

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

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

Related party(1)	Relationship	Incorporated in
Canada Life Investment Management Ltd.	Wholly-owned subsidiary of the Company	Canada
Setanta Asset Management Limited	Indirect wholly-owned subsidiary of the Company	Ireland
Putnam Investments, LLC	Wholly-owned subsidiary of Lifeco	United States
GWL Realty Advisors Inc.	Wholly-owned subsidiary of the Company	Canada
Canada Life Asset Management Limited	Indirect wholly-owned subsidiary of the Company	United Kingdom
IGM Financial Inc.	Subsidiary of Power Corporation	Canada
801611 Ontario Ltd.	Wholly-owned subsidiary of the Company	Canada
Irish Life Investment Managers Limited	Indirect wholly-owned subsidiary of the Company	Ireland

(1) On December 31, 2020, Lifeco completed the sale of GLC Asset Management Group Ltd. (GLC) to Mackenzie Financial Corporation, a wholly-owned subsidiary of IGM Financial Inc., a member of the Power Corporation group of companies (the Transaction). Prior to the Transaction, the financial statements may have included transactions with GLC, formerly a wholly-owned subsidiary of the Company.

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, 2021, $20,816 ($22,485 at December 31, 2020) in fees were paid to GWL Realty Advisors Inc.

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

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

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

e) At December 31, 2020, the Fund held bonds issued by 801611 Ontario Ltd. with a fair value of $41,535. These bonds were disposed of on June 17, 2021.

Effective March 20, 2020, there was a suspension on contributions, transfers and redemptions of units of the Fund. Subsequent to this suspension, payments of certain redemptions and purchase transaction requests were arranged. In order to settle these post-suspension approved transaction requests, the general fund of the Company paid out or received the value of the notional units that were redeemed or purchased, and received or delivered the applicable notional units in return.

As at December 31, 2021, the Company held investments in the Fund with a value of $254,819 ($309,272 at December 31, 2020). The Canada Life Insurance Company of Canada, which is a wholly-owned subsidiary of the Company held investments in the Fund with a value of $32,442 ($29,086 at December 31, 2020).

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

10. COMPARATIVE FIGURES

The Fund has adjusted certain comparative figures disclosed in the Interest Rate Risk note within the Notes to the Schedule of Investment Portfolio. The adjustment had 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	2021	2020	2019	2018	2017
Individual No-Load (IA)	**3.07**	3.06	3.06	3.08	3.29
Individual Back-End Load (IB)	**3.07**	3.06	3.07	3.07	3.06
Managed Money (IC)	**1.74**	1.73	1.74	1.74	1.85
75/75 guarantee policy	**3.07**	3.06	3.06	3.07	3.06
75/100 guarantee policy	**3.17**	3.16	3.16	3.17	3.16
100/100 guarantee policy	**3.62**	3.60	3.61	3.62	3.62
PS1 75/75 guarantee policy	**2.61**	2.60	2.60	2.61	2.59
PS1 75/100 guarantee policy	**2.77**	2.76	2.77	2.77	2.76
PS1 100/100 guarantee policy	**3.16**	3.15	3.15	3.16	3.15
PS 75/75 guarantee policy	**1.96**	1.95	1.95	1.95	–
PS 75/100 guarantee policy	**2.06**	2.05	2.05	2.05	–
PPS 75/75 guarantee policy	**1.50**	1.49	1.49	1.49	–
PPS 75/100 guarantee policy	**1.66**	1.66	1.66	–	–

Portfolio Turnover Rate (%)[2]

For the years ended December 31	2021	2020	2019	2018	2017
Bonds	**0.03**	1.31	5.90	3.65	5.17
Investment properties	**1.16**	2.54	0.08	0.62	0.48

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

[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.

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