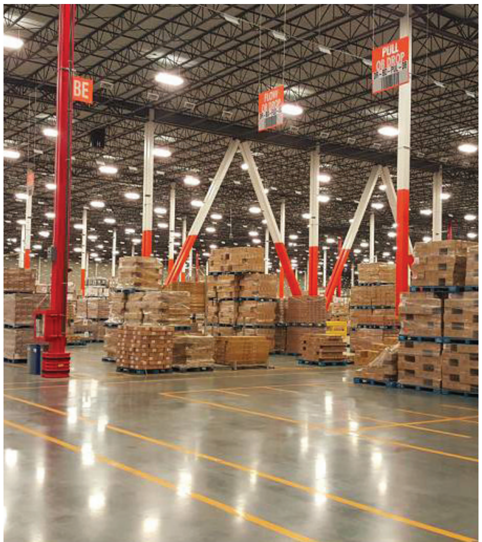
LONDON LIFE REAL ESTATE FUND | Q2 BULLETIN 2016



HOME DEPOT DISTRIBUTION CTR, CALGARY, AB

155 UNIVERSITY AVE., TORONTO, ON

GOREWAY PHASE III, BRAMPTON, ON

A strong leasing profile continued to propel the Fund's ability to deliver income returns aligned with targets. Portfolio occupancy improved over the quarter by 10bps to 93.9%; a testament to management's ability to attract new tenancies to the portfolio based on reputational excellence and the strength of relationships with the existing tenant base. Overall, the Fund returned 1.70% on a gross basis over the quarter bringing the total figure to 2.57% for the first half of the year. Owners of commercial real estate in Canada continue to benefit from an imbalance of supply and demand fundamentals as large volumes of institutional capital, eager to be placed in the asset class, drive investment metrics lower. The Fund's second quarter highlights are summarized below:

Development Activity: The second quarter of 2016 brought the completion and occupancy of a 1,065,000 square foot Class A distribution facility located in Calgary, AB. The asset was designed and built for Home Depot who signed a 20-year lease to occupy 100% of the premises over the term. The state of the art facility, with clear heights reaching 40 feet, has excellent proximity to key ground and rail transit infrastructure as well as the Calgary International Airport. The facility will serve as a primary distribution hub for Home Depot in Western Canada and provide the Fund with 20 years of predictable revenue.

Leasing Updates: Landlords across the country continue to deal with a rapidly changing retail landscape. The Fund's strategy around the asset class is one based on centres that provide a "needs of life" retail offering and thus has had limited exposure to the large number of banners that have since vacated the market. 1141 Kennedy Road in Toronto was a 34,338 square foot standalone Future Shop that was not converted to a Best Buy location as part of the company's consolidation strategy. While the existing lease provided certainty of cash flow through January 2019, management has proactively negotiated a deal with Good Life Fitness Centres to take over the space on a 15-year term beginning in September of 2016.

Sustainability Initiatives: Two of the Fund's office assets in Toronto, 4 King Street West and 155 University Avenue, were awarded The Outstanding Building of the Year (TOBY) Award and Certificates of Excellence in Building Management by BOMA Toronto, in May. The TOBY Award is the most prestigious and comprehensive program of its kind in the commercial real estate industry, recognizing quality in commercial real estate buildings and rewarding excellence in building management. These achievements further distinguish the Fund's assets and add appeal to current and prospective tenants.

Forward Outlook: Management remains diligent in its pursuit of best in class real estate to augment the existing 85 asset portfolio and is pleased to report that the final phase of Goreway West Business Park, a modern 160,039 square foot industrial building, was substantially completed as of June 20th. The Fund is well positioned to build off of the first half of 2016 and deliver consistent returns for the balance of the year.

GWL REALTY ADVISORS

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85 PROPERTIES, GROSS MARKET VALUE OF $2.28 BILLION AT JUNE 30, 2016.

The London Life Real Estate Fund was established in 1998. The Fund invests in 85 high-quality, income-producing properties diversified by type and location, with a gross market value of over $2.28 Billion. The Fund's objective is to provide investors with stable income returns and the opportunity for long-term capital appreciation.

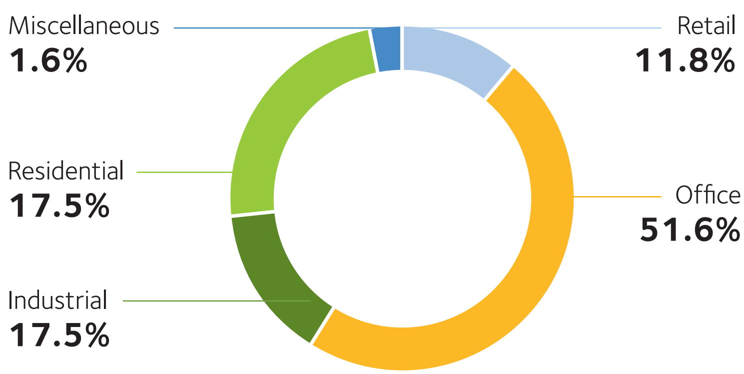
GROSS RETURN	2011	2012	2013	2014	2015	*YTD* 30-Jun
Income	5.8%	5.1%	4.3%	4.3%	4.0%	2.2%
Capital	12.5%	14.1%	4.3%	1.7%	0.4%	0.3%
Total	18.2%	19.2%	8.5%	6.0%	4.4%	2.6%

Note: Differences due to rounding of decimals

FUND GROWTH ($ Millions)	2011	2012	2013	2014	2015	*YTD* 30-Jun
Real estate	$ 1,586	$ 1,859	$ 1,971	$ 2,050	$ 2,247	$ 2,276
Cash	$ 261	$ 325	$ 522	$ 566	$ 398	$ 417
Short term assets & liabilities	$ (19)	$ (28)	$ (24)	$ (14)	$ (34)	$ (34)
Gross fund value	$ 1,828	$ 2,156	$ 2,469	$ 2,602	$ 2,611	$ 2,659
Net fund value	$ 1,361	$ 1,726	$ 2,044	$ 2,188	$ 2,215	$ 2,274
Debt/gross fund value	25.5%	19.9%	17.2%	15.9%	15.2%	14.5%

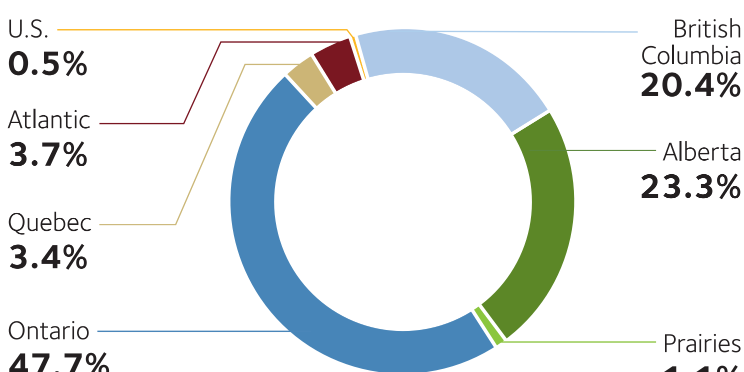
Note: Differences due to rounding of decimals

DIVERSIFICATION BY TYPE (Gross)



VACANCY	
Retail	4.8%
Office	7.8%
Industrial	5.4%
Residential	4.4%
Total by type	6.1%

DIVERSIFICATION BY REGION (Gross)



VACANCY	
British Columbia	8.6%
Alberta	5.1%
Prairies	0.0%
Ontario	4.5%
Quebec	2.1%
Atlantic	15.9%
U.S.	57.7%
Total by region	6.1%

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