



4 KING ST W., TORONTO, ON



PLACE CONCORDE, MONTREAL, QC



GRENADIER SQUARE, TORONTO, ON

2017 marks the Fund's 20th year in operation. The Fund's mandate is to provide investors with exposure to a best in class, fully diversified portfolio of institutional quality real estate with a stable and predictable income stream and the potential for capital appreciation. Highlights from the first quarter of the year follow:

Leasing Activity: 4 King Street West is a 290,000 square foot 20-storey BOMA Best certified office tower located in the heart of downtown Toronto's Financial District and directly connected to the PATH and Subway systems. The Bank of Nova Scotia, which has been a tenant since 1989 occupying approximately half of the building, has recommitted to the premises on a new five year term inclusive of three additional five year renewal options. The new lease retains the covenant of a Schedule 1 bank with a market capitalization of \$93B and is a testament to the significance of fostering strong tenant relations.

Financing Activity: Though long term bond yields have retreated from their historic lows, spreads have tightened and debt remains very attractive at current levels. In the first quarter, management committed to a 10 year CMHC insured mortgage at Place Concorde in Montreal, QC. The new leverage is projected

to enhance the asset level return and will reduce the overall weighted cost of debt in the portfolio. The Fund will continue to explore opportunities to add leverage to select unencumbered assets and renew above market expiring mortgages at today's rates.

Development Activity: Development continues to provide the Fund with access to quality real estate, especially in the current low yield environment. The ability to intensify existing holdings and deliver new generation assets at premium risk adjusted returns provides the Fund with a distinct advantage.

Formally approved in 2016, construction of the Grenadier Square development commenced in late March. Scheduled for delivery in 2019, the existing 675 unit multi-family asset will be expanded with two new 20 storey towers totalling 530 residential units, offering a basket of amenities that will serve the entire complex.

Forward Outlook: With few exceptions, the Canadian commercial real estate markets' fundamentals remain strong. Gains in employment and projections for economic growth for most major markets continue to propel demand for space and while a recovery lag in Alberta remains, stabilization of oil prices and increased M&A activity may indicate a shifting sentiment.

Looking ahead, management has identified two non-core assets that are scheduled for disposition in mid 2017. Focus will continue to be on recycling capital into core investment activities, executing the Fund's debt optimization strategy and the prudent execution of property specific annual business plans.

**88 PROPERTIES,
GROSS MARKET VALUE
OF \$2.38 BILLION AT
MARCH 31, 2017.**

The London Life Real Estate Fund was established in 1998. The Fund invests in 88 high-quality, income-producing properties diversified by type and location, with a gross market value of over \$2.38 Billion. The Fund's objective is to provide investors with stable income returns and the opportunity for long-term capital appreciation.

GROSS RETURN

	Annualized			YTD
	10 Year	5 Year	3 Year	31-Mar
Income	5.2%	4.4%	4.3%	1.2%
Capital	2.7%	4.1%	1.0%	(0.1)%
Total	7.9%	8.5%	5.2%	1.1%

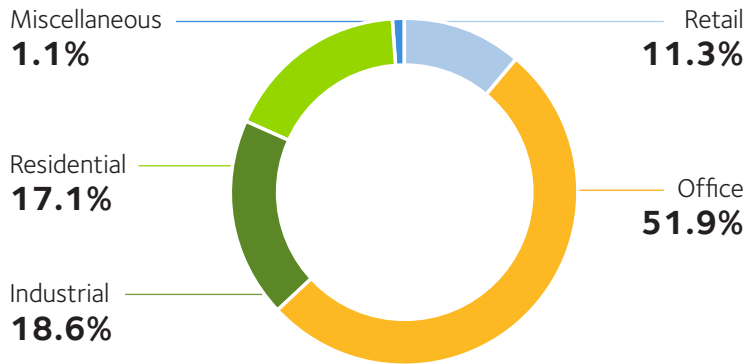
Note: Differences due to rounding of decimals

FUND GROWTH (\$ Millions)

	2012	2013	2014	2015	2016	YTD Mar '17
Real estate	\$ 1,859	\$ 1,971	\$ 2,050	\$ 2,247	\$ 2,374	\$ 2,384
Cash	\$ 325	\$ 522	\$ 566	\$ 398	\$ 285	\$ 292
Short term assets & liabilities	\$ (28)	\$ (24)	\$ (14)	\$ (34)	\$ (25)	\$ (29)
Gross fund value	\$ 2,156	\$ 2,469	\$ 2,602	\$ 2,611	\$ 2,635	\$ 2,646
Net fund value	\$ 1,726	\$ 2,044	\$ 2,188	\$ 2,215	\$ 2,324	\$ 2,356
Debt/gross fund value	19.9%	17.2%	15.9%	15.2%	11.8%	11.0%

Note: Differences due to rounding of decimals

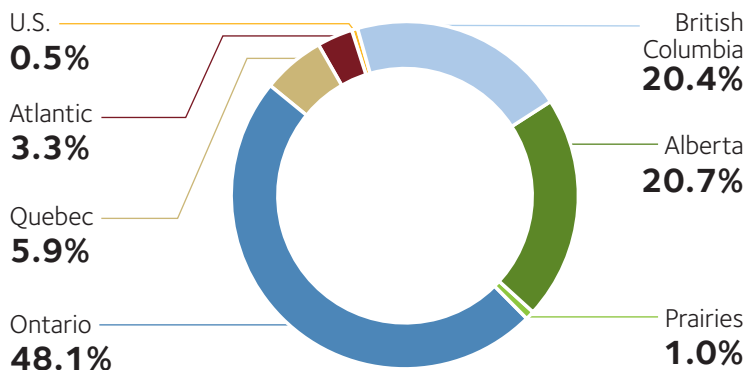
DIVERSIFICATION BY TYPE
(Gross)



VACANCY

Retail	2.9%
Office	9.1%
Industrial	3.3%
Residential	4.2%
Total by type	5.5%

DIVERSIFICATION BY REGION
(Gross)



VACANCY

British Columbia	6.0%
Alberta	6.9%
Prairies	0.0%
Ontario	3.5%
Quebec	5.8%
Atlantic	12.6%
U.S.	58.1%
Total by region	5.5%