

# Q1

BULLETIN 2009

## London Life Real Estate Fund

**DURING THE FIRST QUARTER OF 2009, THE FUND MANAGER HAS BEEN WORKING TO RE-ESTABLISH LIQUIDITY IN THE FUND IN ORDER TO LIFT THE TEMPORARY SUSPENSION ON WITHDRAWALS AND TRANSFERS OUT. SEVERAL COURSES OF ACTION CONTINUE TO BE PURSUED. THESE INCLUDE: A REVIEW OF THE ENTIRE PORTFOLIO TO IDENTIFY DISPOSITION CANDIDATES; NEGOTIATIONS FOR THE SALE OF SELECTED ASSETS AT FAIR VALUE AND THE ONGOING MANAGEMENT OF CAPITAL EXPENDITURES AND FINANCING.**

There are many challenges to overcome in order to meet the goal of lifting the temporary suspension on Fund redemptions. Sales activity is slow as there is little liquidity for large deals in the current market. Pricing can be difficult to determine, and many large buyers are being cautious. One approach GWL Realty Advisors is following is an accelerated appraisal process in order to establish up-to-date values for dispositions. Fund management is committed to rebuild and maintain a cash balance of 15% to 20% in the Fund in order to balance the interests of all Fund participants.

London Life Real Estate Fund has performed very well over time, substantially outperforming common stock investments during 2008. The Fund will continue to be a strong component of a balanced investment portfolio. GWL Realty advisors remain committed to excellence in the management of the Fund's well-diversified portfolio of high-quality assets.

Visit [www.gwlra.com](http://www.gwlra.com) for detailed portfolio information.

### WHAT'S NEW?

In keeping with portfolio management strategy, there were no acquisitions in the first quarter of 2009. Activity was focused on the continuing disposition process and on several development projects initiated in 2007 and 2008. One development highlight is 9500 Glenlyon Parkway, a Class A, 164,580 sf office building in Burnaby, BC. The property is 100% leased to Ritchie Brothers Auctioneers Inc. and will serve as their new global headquarters. Designed to a LEED's Silver standard, Ritchie Bros will lease the property for a term of twenty years, bringing secure cash flow to the Fund. Located in the sought-after Glenlyon Business Park in the Greater Vancouver Area, this newly constructed, high-quality asset is a significant addition to the Fund's portfolio.



9500 GLENLYON PARKWAY, BURNABY, BC

On September 27, 2007, the Fund's investment committee gave approval for construction of the first phase of the Meadowvale Lands development, a 106,099 sf Class A office tower. Situated on a 16.2 acre premier development site in Mississauga, ON, the Meadowvale Business Centre will become part of a first class suburban campus style premises option. With a 66% pre-lease to Becton Dickenson Canada Inc., proactive marketing efforts have led to negotiations with several prospective tenants. At a total cost of just over \$31 million upon completion and with long-term leases in place, this new development will be an excellent addition to the Fund's Ontario office portfolio.

Throughout the first quarter, the Fund continued to exceed expectations for income growth with net operating income of \$27.3 million over a budgeted value of \$26.3 million. This growth can be attributed to proactive leasing strategies, the Fund's strong underlying tenancies, and low vacancy rates. Fund management will continue to rigorously manage capital spending and new leasing opportunities to further enhance income growth for the rest of the upcoming year.

FUND  
FACTS

LONDON LIFE REAL ESTATE FUND WAS ESTABLISHED IN 1998. THE FUND INVESTS IN 118 HIGH-QUALITY, INCOME-PRODUCING PROPERTIES DIVERSIFIED BY TYPE AND LOCATION, WITH A GROSS VALUE OF OVER \$1.79 BILLION. THE FUND'S OBJECTIVE IS TO PROVIDE INVESTORS WITH STABLE INCOME RETURNS AND THE OPPORTUNITY FOR LONG-TERM CAPITAL APPRECIATION.

118 properties, gross market value \$1.79 billion at March 31, 2009

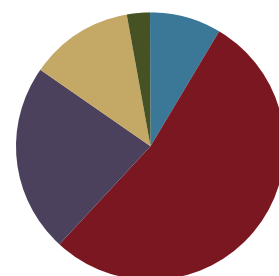
## &gt; by type

## VACANCY

	%
Retail	3.4
Office	3.8
Industrial	10.6
Residential	3.7
Total by type	6.8

DIVERSIFICATION  
(Gross)

Retail	8.5%
Office	52.8%
Industrial	22.7%
Residential	12.4%
Miscellaneous	3.6%



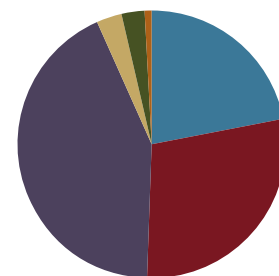
## &gt; by region

## VACANCY

	%
British Columbia	6.8
Alberta	10.1
Ontario	6.2
Quebec	0.4
Atlantic	1.3
U.S.	0.0
Total by region	6.8

DIVERSIFICATION  
(Gross)

British Columbia	21.8%
Alberta	28.5%
Ontario	42.9%
Quebec	2.9%
Atlantic	2.9%
U.S.	0.9%



## GROSS RETURN (BEFORE FEES)

	December 31					YTD
	2004	2005	2006	2007	2008	Mar '09
Income	7.3%	7.2%	6.6%	6.1%	5.9%	1.6%
Capital	1.2%	8.1%	11.1%	9.5%	(7.7%)	(0.6%)
Total	8.5%	15.3%	17.7%	15.6%	(1.9%)	1.0%
Total return to individuals (net of fees)*	5.4%	12.1%	14.4%	12.3%	(4.6%)	0.27%

## FUND GROWTH (\$ MILLIONS)

	December 31					YTD
	2004	2005	2006	2007	2008	Mar '09
Real Estate	\$ 729	\$ 997	\$ 1,296	\$ 1,637	\$ 1,788	\$ 1,790
Cash	\$ 149	\$ 82	\$ 182	\$ 270	\$ 79	\$ 96
Other Assets And Liabilities	\$ (12)	\$ (13)	\$ (19)	\$ (20)	\$ (28)	\$ (23)
Gross Fund Value	\$ 867	\$ 1,066	\$ 1,459	\$ 1,887	\$ 1,840	\$ 1,863
Net fund value	\$ 639	\$ 833	\$ 1,176	\$ 1,587	\$ 1,515	\$ 1,537
Debt/gross fund value	26.3%	21.8%	19.4%	15.9%	17.7%	17.5%

\*Fees may vary by client.