

Although the current suspension on transfers and withdrawals remains in place, we expect the London Life Real Estate Fund will be in a position to allow London Life to process a second payment in autumn 2010 for unitholders who make a request, according to the process in place at that time.

As has been widely reported, like the Canadian banking industry, Canadian commercial real estate has performed well when compared to U.S. and other international markets. However, until the employment rate improves and businesses increase capital investments, the recovery will remain subdued. The supply and demand for space is reasonably balanced in most markets and property types. This balance is providing stable rental rates and, for the most part, is placing vacancy rates at less than 10%. An exception is the downtown Calgary office market, which remains soft due to an oversupply of new space.

The Fund experienced good leasing activity in the second quarter in all regions. In Vancouver, several major retail leases were concluded; in Calgary an expansion to a suburban office building was negotiated and a number of major renewals and expansions in the Fund's downtown office buildings were completed. In Toronto, several large industrial lease deals were transacted as well as some good leasing activity in the office portfolio. Leasing activity in the Fund's development projects is also proceeding well. These include an industrial building in Edmonton (100% leased); two small suburban office buildings in Edmonton (50% leased); and two suburban office buildings in Toronto (86% leased).

Five properties were sold in the quarter for net proceeds of \$65.2 million. These included one Alberta industrial building, two suburban Toronto office buildings, a parcel of land in Toronto and a suburban Vancouver office building. These sales do not materially affect the weightings of the portfolio by type or region. The portfolio continues to produce reliable cash flow and is expected to provide a solid net income return in 2010, consistent with recent past performance.

During the current suspension, management has upheld the fundamental investment strategies of the Fund.



FIRST CANADIAN CENTRE, CALGARY, AB

This includes maintaining a low portfolio loan-to-value ratio and all financings are non-recourse. All capital spending decisions are thoroughly scrutinized with the objective of adding to or preserving property value. Another important ongoing routine is the development and execution of asset business plans which include leasing, capital spending and market positioning plans. Maintaining industry-leading property management standards is another essential business practice being sustained by management. A final example is the decision to preserve the portfolio's strong multi-family weighting. This asset type has performed consistently through the difficult markets over the last two years, both in terms of cash flow production and value conservation.

Lifting the suspension remains a top priority and the Fund Manager continues to work toward that goal. This will be accomplished by maintaining a well-diversified portfolio of high-quality properties while continuing to build liquidity by selling non-core assets, selective financing and cash flow from operations.

FUND
FACTS

LONDON LIFE REAL ESTATE FUND WAS ESTABLISHED IN 1998. THE FUND INVESTS IN 99 HIGH-QUALITY, INCOME-PRODUCING PROPERTIES DIVERSIFIED BY TYPE AND LOCATION, WITH A GROSS VALUE OF OVER \$1.56 BILLION. THE FUND'S OBJECTIVE IS TO PROVIDE INVESTORS WITH STABLE INCOME RETURNS AND THE OPPORTUNITY FOR LONG-TERM CAPITAL APPRECIATION.

99 properties, gross market value \$1.56 billion at June 30, 2010

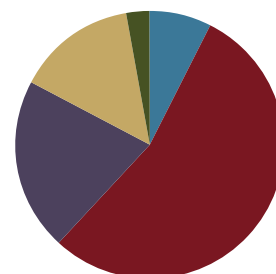
> by type

VACANCY

	%
Retail	4.4
Office	6.8
Industrial	10.6
Residential	1.9
Total by type	7.6

DIVERSIFICATION
(Gross)

Retail	7.5%
Office	54.3%
Industrial	20.9%
Residential	14.5%
Miscellaneous	2.8%



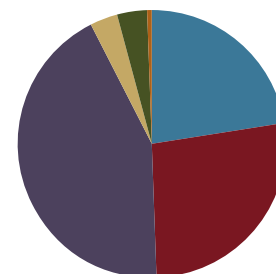
> by region

VACANCY

	%
British Columbia	7.2
Alberta	3.9
Ontario	9.9
Quebec	0.8
Atlantic	4.7
U.S.	0.0
Total by region	7.6

DIVERSIFICATION
(Gross)

British Columbia	22.3%
Alberta	26.9%
Ontario	43.3%
Quebec	3.3%
Atlantic	3.5%
U.S.	0.7%



GROSS RETURN (BEFORE FEES)

YEAR	December 31					YTD
	2005	2006	2007	2008	2009	June '10
Income	7.2%	6.6%	6.1%	5.9%	6.1%	3.0%
Capital	8.1%	11.1%	9.5%	(7.7%)	(4.6%)	(2.5%)
Total	15.3%	17.7%	15.6%	(1.9%)	1.5%	0.5%
Total return to individuals (net of fees)*	12.1%	14.4%	12.3%	(4.6%)	(1.3%)	(1.1%)

FUND GROWTH (\$ MILLIONS)

YEAR	December 31					YTD
	2005	2006	2007	2008	2009	June '10
Real estate	\$ 997	\$ 1,296	\$ 1,637	\$ 1,788	\$ 1,673	\$ 1,558
Cash	\$ 82	\$ 182	\$ 270	\$ 79	\$ 105	\$ 344
Other assets and liabilities	\$ (13)	\$ (19)	\$ (20)	\$ (28)	\$ (29)	\$ (18)
Gross fund value	\$ 1,066	\$ 1,459	\$ 1,887	\$ 1,840	\$ 1,749	\$ 1,885
Net fund value	\$ 833	\$ 1,176	\$ 1,587	\$ 1,515	\$ 1,395	\$ 1,498
Debt/gross fund value	21.8%	19.4%	15.9%	17.7%	20.2%	20.5%

*Fees may vary by client.