

The London Life Real Estate Fund began 2019 in strong fashion, delivering a total gross return of 1.9% over the first quarter. Notably, this represents the best opening period for the Fund since 2013 and contributed toward a trailing twelve-month total return of 7.2%. The well leased portfolio of 92 institutional quality assets continues to provide steady income performance while material gains in the Toronto industrial and Vancouver office sectors paced the capital component of return. Highlights from the Fund's first quarter of the year follow:

Investment Activity: In February, the Fund acquired a 15% interest in a 650,000 square foot office and retail complex in downtown Toronto for approximately \$73M. The asset, better known as the Dynamic Funds Tower Complex, is located at the southeast corner of Yonge and Adelaide. It includes 1 Adelaide Street East, a 30-storey LEED® Gold certified office tower, 20 Victoria Street, a nine-storey boutique office building, and 85 Yonge Street, a three-storey retail building. The asset is currently 99% leased, with major tenants including Scotia Capital Inc. and OPTrust. The Class 'A', PATH connected complex marks a significant acquisition for the Fund of a high-profile core property that is rarely available.

Financing Activity: Further to the acquisition noted above, financing representing 50% of the purchase price was placed on the asset. The 10-year loan facility was funded on an interest-only basis for the entire term at a coupon rate of 3.4%. 4250 Canada

Way in Burnaby, BC, is a modern single-tenant six storey Class 'A' office building that is fully occupied by Pacific Blue Cross. In March, management arranged for new financing at the property. Details of the mortgage include a three-year interest only period over a ten-year term, and an interest rate of 3.4%.

Collectively, the two deals will reduce the overall weighted average cost of debt in the portfolio, improve performance, and move the Fund closer to its long-term leverage target.

Forward Outlook: Now a full decade into the current bull market cycle, major markets across the country continue to exhibit strong fundamentals with vacancy rates at historic lows and rental rate growth outpacing the greater economy. A development pipeline that will see the delivery of significant new office product in downtown Toronto and Vancouver by 2023 may cause growth to pause, though a substantial portion of the space is already spoken for. Investment

into the asset class in 2018 reset the benchmark as record levels of capital were deployed for the third consecutive year*. Though yields for investment grade product have contracted, demand remains considerable. None of this is to say that risks are not present at this stage in the cycle as broader economic signals have recently flashed the potential for economic slowdown which could certainly alter the landscape of our industry. Notwithstanding, the Fund's diversification and income focus position it well to build on a promising start to the year. Looking ahead, management remains committed to identifying opportunities to improve the quality of real estate within the portfolio while enhancing returns for investors.

*Source: CBRE

92 PROPERTIES, GROSS MARKET VALUE OF \$3.0 BILLION, AT MARCH 31, 2019

The London Life Real Estate Fund was established in 1998. The Fund invests in 92 high-quality, income-producing properties diversified by type and location, with a gross market value of over \$3.0 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
	3 Year	5 Year	10 Year	31-Mar
Income	4.3%	4.3%	4.8%	1.1%
Capital	1.6%	1.3%	3.1%	0.8%
Total	6.0%	5.5%	7.9%	1.9%

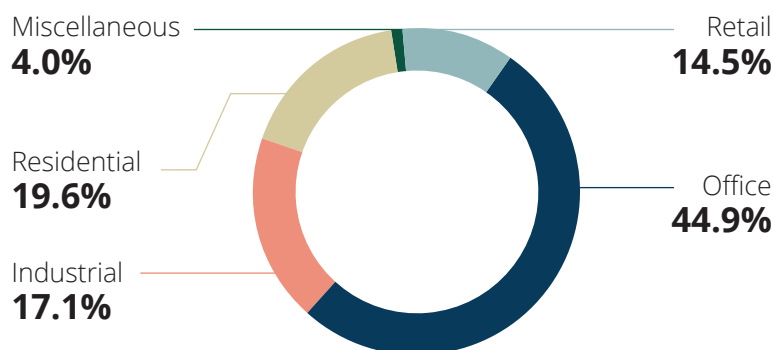
Note: Differences due to rounding of decimals

FUND GROWTH (\$ Millions)

	2014	2015	2016	2017	2018	YTD 31-Mar
Real estate	\$ 2,050	\$ 2,247	\$ 2,374	\$ 2,521	\$ 2,888	\$ 2,972
Cash	\$ 566	\$ 398	\$ 285	\$ 379	\$ 259	\$ 287
Short term assets & liabilities	\$ (14)	\$ (34)	\$ (25)	\$ (35)	\$ (75)	\$ (88)
Gross fund value	\$ 2,602	\$ 2,611	\$ 2,635	\$ 2,865	\$ 3,072	\$ 3,171
Net fund value	\$ 2,188	\$ 2,215	\$ 2,324	\$ 2,444	\$ 2,587	\$ 2,619
Debt/gross fund value	15.9%	15.2%	11.8%	14.7%	15.8%	17.4%

Note: Differences due to rounding of decimals

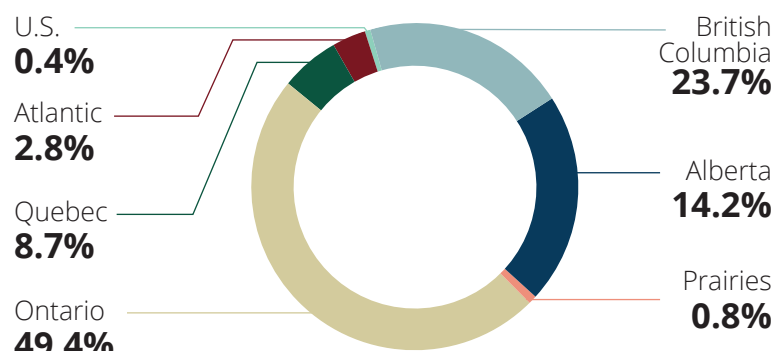
DIVERSIFICATION BY TYPE (Gross)



VACANCY

Retail	3.7%
Office	8.8%
Industrial	5.5%
Residential	3.6%
Miscellaneous	0.0%
Total by type	6.2%

DIVERSIFICATION BY REGION (Gross)



VACANCY

British Columbia	5.0%
Alberta	9.2%
Prairies	0.0%
Ontario	4.5%
Quebec	5.4%
Atlantic	9.8%
U.S.	63.9%
Total by region	6.2%

Any statements in this report concerning future financial performance of the Fund are subject to, among other things, risks, uncertainties and assumptions about the Fund, economic factors and real estate markets generally. They are not guarantees of future performance, and actual events and results may differ materially from those expressed or implied by forward-looking statements included in this report.