

LONDON LIFE REAL ESTATE FUND | Q1 BULLETIN 2020



1188 West Georgia, Vancouver, BC



Erin Mills Industrial, Mississauga, ON



The Shaughn, Montreal, QC

TEMPORARY SUSPENSION

On March 20, 2020, Canada Life announced the temporary suspension of any contributions to, or transfers and redemptions from, the London Life Real Estate Fund (LLREF). This decision was made in the best long-term interests of the Fund and its investors. The COVID-19 situation has made it challenging to assess property valuation with an appropriate level of certainty, giving rise to a material risk that the fund's unit value may not be accurate. The temporary suspension mitigates the risk that investors buy and sell units at a price that does not reflect the underlying property portfolio's market value. The temporary suspension will remain in place until an appropriate level of real property valuation certainty has been re-established, and the Fund is comfortable with its liquidity.

Fund Updates

- The Fund generated a Q1 gross return of 1.7%, contributing to a trailing twelve-month total return of 9.6%.¹ The quarterly performance was led by its income return at 1.1%, which benefited from a 94% occupancy rate and a well-diversified tenant base.
- LLREF closed the quarter with a \$142 million cash position and maintains the potential for additional liquidity through property cash-flow, mortgage financing and asset sales, should the latter be deemed in the Fund's best interest.
- The Fund continues to implement a measured capital expenditure strategy, prioritizing life and safety projects, remaining focused on long term value creation.
- LLREF's well distributed mortgage profile includes \$62 million of 2020 maturity, representing only 9.9% of its total mortgage balance. Fund management is

actively advancing dialogue with lenders regarding refinancing.

- While construction on the Fund's three active developments slowed in Q1, progress has continued. The two-tower, 530-unit multi-family Grenadier Square project in Toronto is scheduled for respective delivery in Q3 and Q4 of 2020. The 371,000 square foot Vancouver Centre II office project remains scheduled for completion in Q4 2021. The 128 unit multi-residential apartment project located at 1500 Robson street in Vancouver, BC, continues to progress toward a Q2 2021 delivery.
- In response to the COVID-19 conditions, the Fund manager, GWL Realty Advisors, implemented a response plan, focused on supporting the needs of its employees, service partners, tenants and residents.
- Management implemented a short-term rent-deferral program to support

qualifying small and independent tenants with documented hardship. The approved deferrals total \$.8 Million, or 32bps relative to the Fund's 2019 revenue of \$243 million.

- April rent collection, inclusive of rent deferrals, was strong at 93% through May 5, 2020. The office, industrial and multi-family sectors led the portfolio at 94% or better, while retail trailed at 77%. The Fund's 13.4% allocation to retail helps to mitigate the impact on the Fund's total collections.

The Fund, and the Canadian commercial real estate market at large, was generally well positioned leading into the COVID pandemic. The Fund's portfolio, diversified by both geography and asset class, together with a strong occupancy profile and tenant roster, position it as an important component of a diversified investment portfolio.

¹ Due to market uncertainty related to the valuation of real estate, the current unit value and rate of return for the real estate fund may not accurately reflect the market value of the properties held by the fund.

92 PROPERTIES, GROSS MARKET VALUE OF \$3.2 BILLION, AT MARCH 31, 2020

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 \$3.2 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	4.2%	4.3%	4.6%	1.1%
Capital	3.1%	2.1%	4.2%	0.6%
Total	7.3%	6.4%	8.8%	1.7%

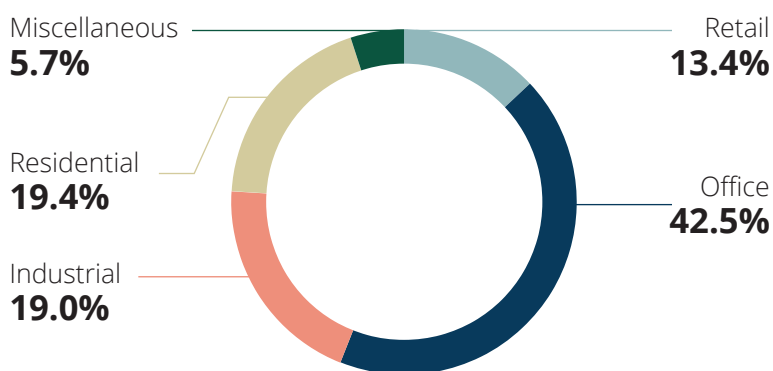
Note: Differences due to rounding of decimals

FUND GROWTH (\$ Millions)

	2015	2016	2017	2018	2019	YTD 31-Mar
Real estate	\$ 2,247	\$ 2,374	\$ 2,521	\$ 2,888	\$ 3,144	\$ 3,193
Cash	\$ 398	\$ 285	\$ 379	\$ 259	\$ 308	\$ 142
Short term assets & liabilities	\$ (34)	\$ (25)	\$ (35)	\$ (75)	\$ (94)	\$ (97)
Gross fund value	\$ 2,611	\$ 2,635	\$ 2,865	\$ 3,072	\$ 3,359	\$ 3,238
Net fund value	\$ 2,215	\$ 2,324	\$ 2,444	\$ 2,587	\$ 2,724	\$ 2,592
Debt/gross fund value	15.2%	11.8%	14.7%	15.8%	18.9%	20.0%

Note: Differences due to rounding of decimals

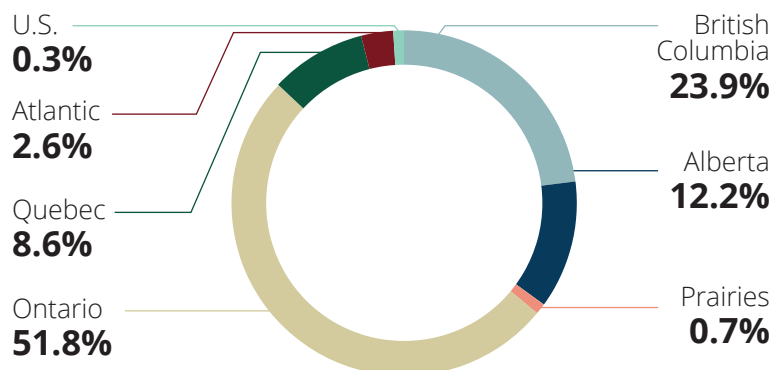
DIVERSIFICATION BY TYPE (Gross)



% of Total Vacancy

Retail	0.37%
Office	3.33%
Industrial	2.59%
Residential	0.46%
Total by type	6.75%

DIVERSIFICATION BY REGION (Gross)



% of Total Vacancy

British Columbia	0.47%
Alberta	2.13%
Prairies	0.00%
Ontario	2.75%
Quebec	0.34%
Atlantic	0.41%
U.S.	0.64%
Total by region	6.75%

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.