

London Life Real Estate Fund

Q4 Bulletin 2025



Key Facts

Date Established

1998

Fund Strategy

CORE

Gross Fund Value

\$3.7B

Net Fund Value

\$2.9B

LTV %

23.0%

of Properties

74

Commercial Sq Ft

7.9M

of Residential Units

3,729

Image: 1 Adelaide St. E, Toronto

(ON)

85 Yonge St. Amenity rendering

Performance for the Fund is improving, marked by a positive 2025 total return. Income returns outpaced capital depreciation (inclusive of a negative mark-to-market of the Fund's debt) leading to a total gross return for the year of 199 basis points.

Notably, the Fund outperformed the MSCI/REALPAC Canada Property Index benchmark on a direct real estate total return basis in both the quarter and full year of 2025, delivering strong relative annual outperformance of 123 bps. LLREF also outperformed its smaller peer group, the MSCI/REALPAC Canada Property Fund Index, on an annual total direct real estate return basis by 18 bps, and at the fund-level by 34 bps. The results are beginning to reflect early signals that valuation pressures are easing and that capital performance is set to stabilize.

Office Recovery

On the heels of a very good year for office leasing in 2025, 2026 is off to a strong start with the Fund finalizing 281,000 square feet in new office commitments with a Schedule I bank at Berczy Square and 1 Adelaide in Toronto, Ontario. Upon commencement, these transactions are expected to increase asset level occupancy to 94% and 99%, respectively. While office performance has weighed on recent performance, these types of leasing transactions continue to signal that the office sector has firmly entered into the recovery phase of this cycle. In all, 44% of the Fund's existing office vacancy is now under contract.

Financing & Market Conditions

With bond yields appearing range bound and limited expectations for further Bank of Canada overnight rate movements, financing conditions remain constructive characterized by tight spreads and positive lender sentiment. These dynamics support a steadily improving 2026 outlook for Canadian core real estate.

Forward Outlook

Looking ahead, the macro backdrop is expected to be steadier through 2026. Against this setting, the portfolio remains well positioned: following a period of valuation resets, particularly within the office sector, the asset class's durable cashflows, income stability, and improving fundamentals support compelling risk adjusted returns, with the potential for capital appreciation as conditions continue to normalize.

The Fund maintains a strong liquidity position and remains focused on identifying core real estate opportunities for capital deployment in 2026. Priority will be placed on targeted acquisitions with durable income profiles and on the continued advancement of the development pipeline, consistent with LLREF's disciplined, opportunity driven approach to capital allocation.

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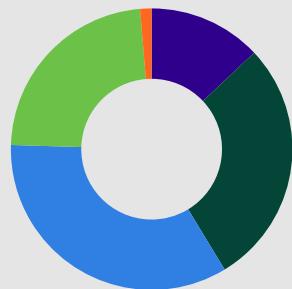
Gross Return	Annualized				FY
	1 Year	3 Year	5 Year	10 Year	31-Dec
Income	4.2%	3.9%	3.7%	3.9%	4.2%
Capital	(2.2%)	(4.7%)	0.2%	0.9%	(2.2%)
Total	2.0%	(0.6%)	3.9%	4.8%	2.0%

Note: Differences due to rounding of decimals.

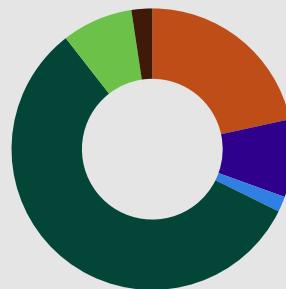
Fund Growth (\$ Millions)	2020	2021	2022	2023	2024	FY 31-Dec
Real estate	\$3,066	\$3,520	\$3,536	\$3,348	\$3,244	\$3,341
Cash	\$355	\$366	\$269	\$338	\$501	\$493
Short term assets & liabilities	(\$91)	(\$94)	(\$82)	(\$91)	(\$96)	(\$90)
Gross fund value	\$3,329	\$3,791	\$3,722	\$3,596	\$3,694	\$3,744
Net fund value	\$2,603	\$3,061	\$2,952	\$2,755	\$2,803	\$2,883
Debt/gross fund value	21.8%	19.3%	20.7%	23.4%	23.2%	23.0%

Note: Differences due to rounding of decimals.

Diversification by Type (Gross)



Diversification by Region (Gross)



Vacancy as % of Total – By Type

Retail	0.4%
Office	6.2%
Industrial	1.1%
Residential	1.5%
Total by type	9.2%

Vacancy as % of Total – By Region

British Columbia	1.3%
Alberta	1.7%
Prairies	0.1%
Ontario	4.5%
Quebec	0.7%
Atlantic	0.9%
Total by region	9.2%

Image: 33 Yonge St.,
Toronto (ON)