

# GREAT-WEST LIFECO INC.

## Quarterly Results Presentation Q2 2019



# Cautionary notes

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

This document may contain forward-looking information. Forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" and other similar expressions or negative versions thereof. These statements include, without limitation, statements about the Company's operations, business, financial condition, expected financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions by the Company, including statements made with respect to the expected benefits of acquisitions and divestitures, expected capital management activities, expected impacts of the Company's recently completed substantial issuer bid and use of capital and expected cost reductions and savings. Forward-looking statements are based on expectations, forecasts, estimates, predictions, projections and conclusions about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance and mutual fund industries. They are not guarantees of future performance, and the reader is cautioned that actual events and results could differ materially from those expressed or implied by forward-looking statements. Material factors and assumptions that were applied in formulating the forward-looking information contained herein include the assumption that the business and economic conditions affecting the Company's operations will continue substantially in their current state, including, without limitation, with respect to customer behaviour, the Company's reputation, market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy lapse rates, reinsurance arrangements, liquidity requirements, capital requirements, credit ratings, taxes, inflation, interest and foreign exchange rates, investment values, hedging activities, global equity and capital markets, business competition and other general economic, political and market factors in North America and internationally. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. Other important factors and assumptions that could cause actual results to differ materially from those contained in forward-looking statements include customer responses to new products, impairments of goodwill and other intangible assets, the Company's ability to execute strategic plans and changes to strategic plans, technological changes, breaches or failure of information systems and security (including cyber attacks), payments required under investment products, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, unexpected judicial or regulatory proceedings, catastrophic events, continuity and availability of personnel and third party service providers, the Company's ability to complete strategic transactions and integrate acquisitions and unplanned material changes to the Company's facilities, customer and employee relations or credit arrangements. The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in other filings with securities regulators, including factors set out in the Company's 2018 Annual MD&A under "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates", which, along with the Company's filings, is available for review at [www.sedar.com](http://www.sedar.com). The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to place undue reliance on forward-looking information. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking information whether as a result of new information, future events or otherwise.

## **CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES**

This document contains some non-IFRS financial measures. Terms by which non-IFRS financial measures are identified include, but are not limited to, "operating earnings", "adjusted net earnings", "adjusted net earnings (US\$)", "adjusted net earnings per common share", "adjusted return on equity", "adjusted fee or other income", "adjusted expenses", "core net earnings", "constant currency basis", "impact of currency movement", "premiums and deposits", "pre-tax operating margin", "return on equity - adjusted net earnings", "sales", "assets under management" and "assets under administration". Non-IFRS financial measures are used to provide management and investors with additional measures of performance to help assess results where no comparable IFRS measure exists. However, non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies. Refer to the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS in the Company's 2018 Annual Management's Discussion and Analysis (MD&A) and / or the Company's Q2 2019 MD&A, as appropriate.



## Paul Mahon

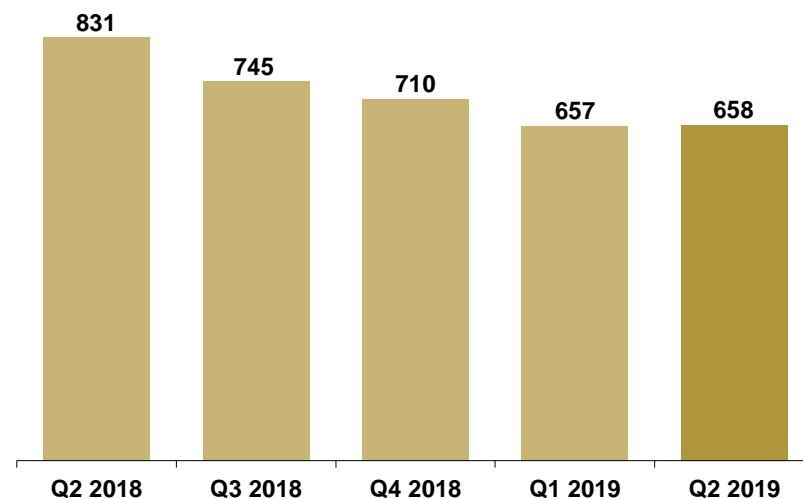
President & CEO  
Great-West Lifeco

### Summary of Results

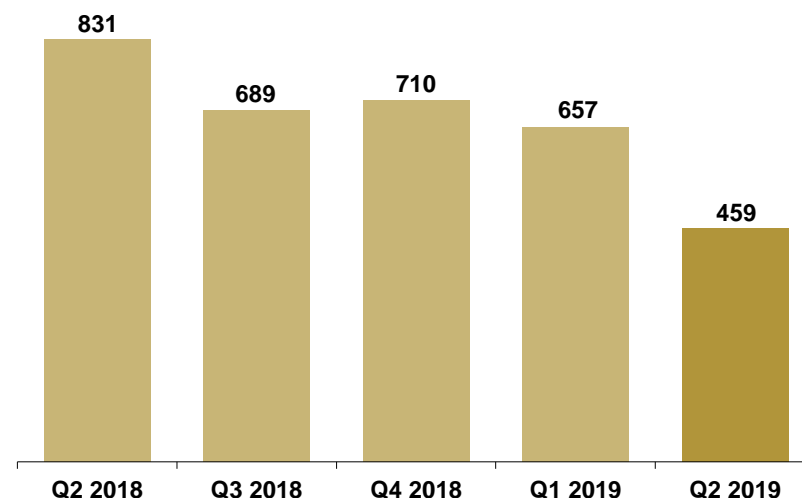
# Earnings

- Adjusted net earnings of \$658m, down 21% YoY
  - Includes U.K. retail property investment losses of \$84m
  - Q2 2018 included \$60m gain from U.S. refinancing
  
- Net earnings of \$459m
  - Includes \$199m net charge related to sale of U.S. individual life insurance and annuity business
  
- Strong capital position maintained
  - LICAT ratio at 136%
  - Lifeco cash of \$300m
    - Excludes cash from ceding commission of C\$1.1b<sup>2</sup>

## Adjusted Net Earnings<sup>1</sup> (C\$m)



## Net Earnings (C\$m)



1. Adjusted net earnings is a non-IFRS measure. Refer to the reconciliation to net earnings in the Company's Q2 2019 MD&A

2. Cash from ceding commission related to the sale of the U.S. individual life insurance and annuity business is currently held within the U.S. segment

## Canada

### Protect and extend leadership positions through organic growth

- Significant progress on transition to one brand and single legal entity
- Began move to one product shelf under Canada Life name
- Introducing new products in Individual Customer
- Strong adoption rates for SimpleProtect
- Improving digital capabilities for Group Life and Health Customers



## Europe & Reinsurance

### Targeted growth through acquisition and product expansion

- Capitalizing on the European longevity opportunity
- UK transformation on track, including integration of Retirement Advantage
- German business migration to a scalable, cost effective administrative platform
- Launched MyLife, a market leading digital health and wellness app, in Ireland



## U.S.

### Invest for significant organic growth and consolidation opportunities

- Completed sale of U.S. Individual Life Insurance and Annuity business – proceeds to support M&A
- Broadening Empower offering; Empower IRA reached US\$10b milestone; introduced Advisor Managed Accounts
- Improved results at Putnam; 9% pre-tax operating margin<sup>1</sup> driven by expense actions and strong fund performance



1. Pre-tax operating margin is a non-IFRS measure. Refer to the discussion of this measure in the Company's Q2 2019 MD&A.

# Sales

## Sales<sup>1</sup> (C\$b)

### Canada

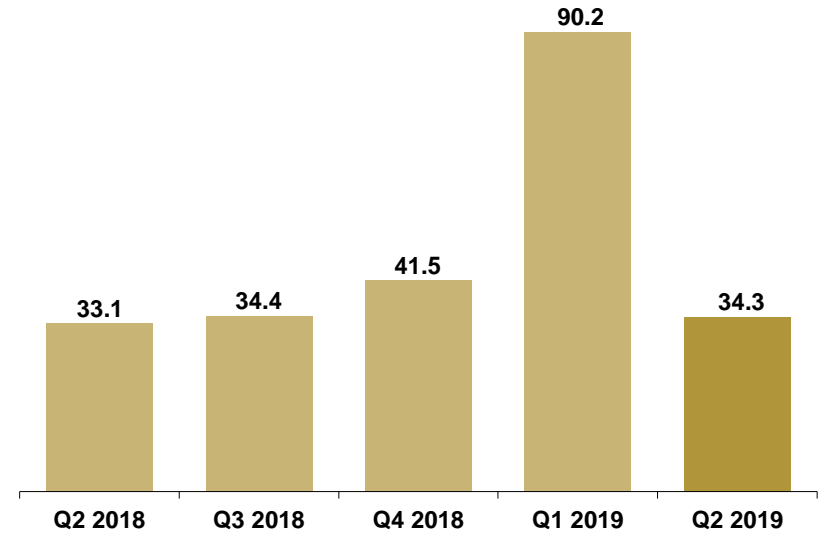
- Lower large case and creditor sales in Group Insurance partly offset by higher Group Wealth
- Lower Individual Wealth sales; higher Individual Insurance

### U.S.

- Empower sales up 25% YoY in USD with growth in all product lines
- Lower institutional sales at Putnam

### Europe

- Higher U.K. bulk annuity sales
- Higher fund management sales in Ireland



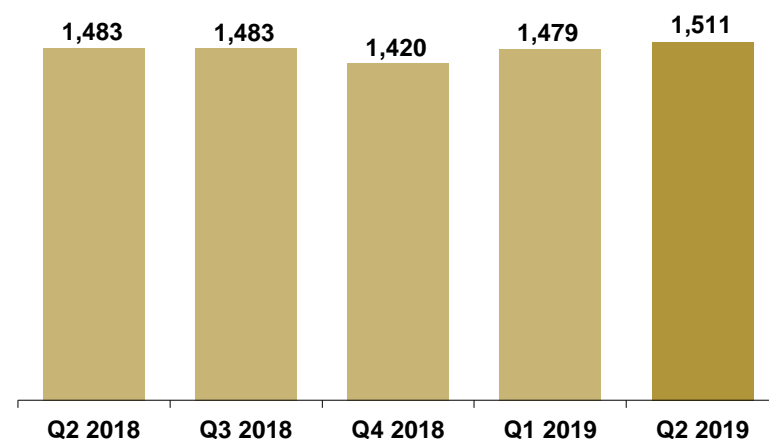
	Canada	U.S.	Europe	Lifeco
Q2 2019	2.9	24.2	7.1	34.3
Q1 2019	3.2	75.8	11.2	90.2
Q2 2018	3.0	24.5	5.5	33.1
YoY	(3%)	(1%)	29%	4%
Constant Currency <sup>2</sup>	(3%)	(5%)	32%	1%

1. Sales is a non-IFRS measure. Refer to the discussion of this measure in the Company's Q2 2019 MD&A.

2. Constant currency is a non-IFRS measure. Refer to the discussion of this measure in the Company's Q2 2019 MD&A.

# Fee and Other Income

## Adjusted Fee and Other Income<sup>2</sup> (C\$m)



	Canada	U.S.	Europe	Lifeco (Adjusted) <sup>2</sup>	Lifeco
Q2 2019	440	684	387	1,511	2,591
Q1 2019	422	659	398	1,479	1,479
Q2 2018	433	655	395	1,483	1,483
YoY	2%	4%	(2%)	2%	74%
Constant Currency <sup>3</sup>	2%	1%	1%	1%	71%

### Canada

- Higher fees in Group offset by lower margins in Individual

### U.S.

- Higher fees at Empower due to participant and AUA<sup>1</sup> growth
- Lower fees at Putnam due to asset mix partly offset by improved performance fees

### Europe

- Essentially flat year-over-year in constant currency

1. Assets under Administration (AUA) and Assets under Management (AUM) are non-IFRS measures. Refer to the discussion of these measures in the Company's Q2 2019 MD&A.  
 2. Adjusted Fee and Other Income is a non-IFRS measure and not directly comparable to similar measures used by other companies. Q2 2019 excludes ceding commission of \$1,080 million related to the sale of the U.S. individual life insurance and annuity business.  
 3. Constant currency is a non-IFRS measure. Refer to the discussion of this measure in the Company's Q2 2019 MD&A.

# Expenses

## Canada

- Continued investments in technology, with expense growth moderating

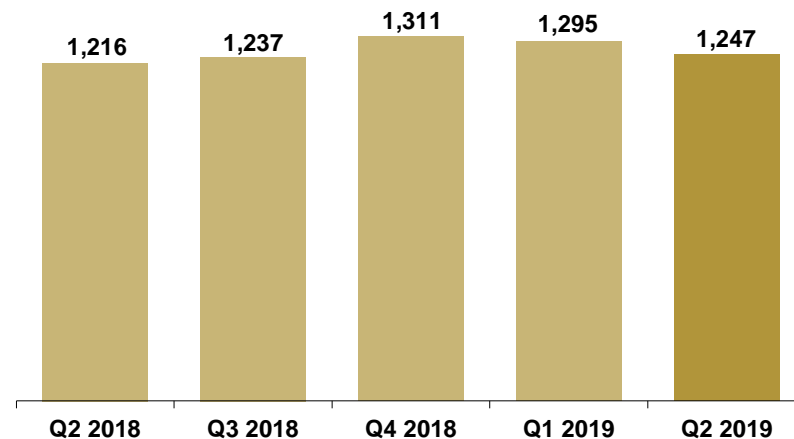
## U.S.

- Higher at Empower due to participant growth
- Lower operating expenses at Putnam

## Europe

- Business growth and strategic investments contained within broader expense control initiatives

## Adjusted Expenses<sup>1</sup> (C\$m)



	Canada	U.S. <sup>1</sup>	Europe	Lifeco (Adjusted) <sup>1,2</sup>	Lifeco <sup>2</sup>
Q2 2019	417	539	283	1,247	1,367
Q1 2019	444	551	294	1,295	1,295
Q2 2018	414	518	279	1,216	1,216
YoY	1%	4%	1%	3%	12%
Constant Currency <sup>3</sup>	1%	0%	3%	1%	11%

1. Adjusted expenses is a non-IFRS measure and not directly comparable to similar measures used by other companies. Q2 2019 excludes C\$120m of costs related to the sale of the U.S. individual life insurance and annuity business.

2. Lifeco totals include Lifeco corporate expenses.

3. Constant currency is a non-IFRS measure. Refer to the discussion of this measure in the Company's Q2 2019 MD&A.





## Garry MacNicholas

EVP & CFO  
Great-West Lifeco

Financial Highlights

# Earnings

- Adjusted EPS of \$0.70, down 17% YoY
  - Includes \$0.09 per share impact of U.K. retail property investment losses

## Canada

- Lower basis changes partly offset by trading gains

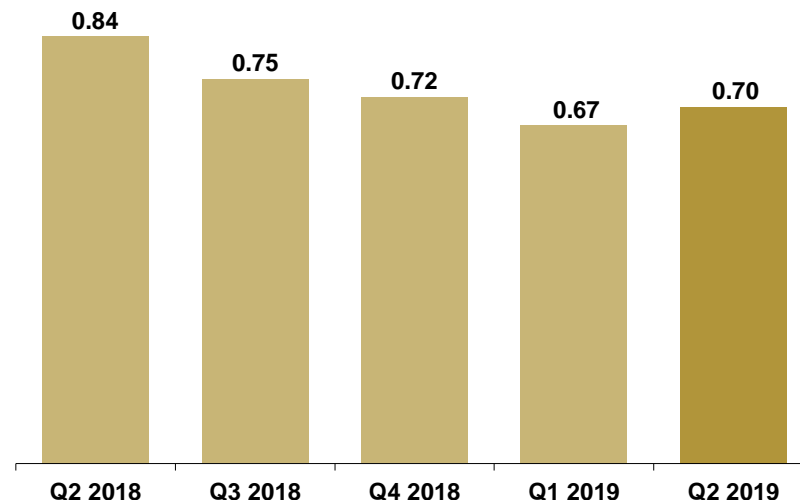
## U.S.

- Up 25% in constant currency ex-Q2 2018 refinancing impact; improved performance at Putnam

## Europe

- U.K. retail property losses and lower basis changes partly offset by gains on U.K. bulk annuity sales

## Adjusted Net Earnings per Share<sup>1</sup>



	Canada	U.S.	Europe	Lifeco (Adjusted) <sup>1,2</sup>	Lifeco (Reported) <sup>2</sup>
Q2 2019	280	101	282	658	459
Q1 2019	283	81	299	657	657
Q2 2018	334	145	355	831	831
YoY	(16%)	(30%)	(21%)	(21%)	(45%)
Constant Currency <sup>3</sup>	(16%)	(27%)	(19%)	(20%)	(44%)

1. Adjusted net earnings per share is a non-IFRS measure. Refer to the reconciliation to earnings per share in the Company's Q2 2019 MD&A.

2. Lifeco totals include Lifeco corporate earnings.

3. Constant currency is a non-IFRS measure. Refer to the discussion of this measure in the Company's Q2 2019 MD&A.

# Source of Earnings

For the three months ended Jun. 30/19	Canada	U.S.	Europe	Corp.	Q2/19 Total	Q1/19 Total	Q2/18 Total
Expected profit on in-force business	296	123	321	(6)	734	704	723
Impact of new business	9	(31)	5	-	(17)	(73)	(58)
Experience gains and losses	76	16	(53)	(2)	37	18	69
Management actions and changes in assumptions	(16)	-	51	-	35	151	232
Other	-	-	-	-	-	-	(9)
Earnings on surplus (incl. financing charges)	19	19	5	1	44	38	75
<b>Adjusted net earnings before tax</b>	<b>384</b>	<b>127</b>	<b>329</b>	<b>(7)</b>	<b>833</b>	<b>838</b>	<b>1,032</b>
Taxes	(75)	(25)	(42)	2	(140)	(148)	(167)
<b>Adjusted net earnings before non-controlling interests &amp; preferred dividends</b>	<b>309</b>	<b>102</b>	<b>287</b>	<b>(5)</b>	<b>693</b>	<b>690</b>	<b>865</b>
Non-controlling interests & preferred dividends	(29)	(1)	(5)	-	(35)	(33)	(34)
<b>Adjusted net earnings – common shareholders</b>	<b>280</b>	<b>101</b>	<b>282</b>	<b>(5)</b>	<b>658</b>	<b>657</b>	<b>831</b>
Loss on sale of U.S. individual insurance and annuity business	-	(199)	-	-	(199)	-	-
<b>Net earnings – common shareholders</b>	<b>280</b>	<b>(98)</b>	<b>282</b>	<b>(5)</b>	<b>459</b>	<b>657</b>	<b>831</b>

# Source of Earnings – Experience Gains and Losses

For the three months ended Jun. 30/19	Q2/19 Total
Yield enhancement	143
U.K. retail property-related losses	(98)
Expenses and fees	20
Policyholder behavior	(26)
Mortality / morbidity / other	(2)
<b>Total experience gains / losses</b>	<b>37</b>

# United Kingdom Retail Property Related Exposures

(C\$m) Carrying Value

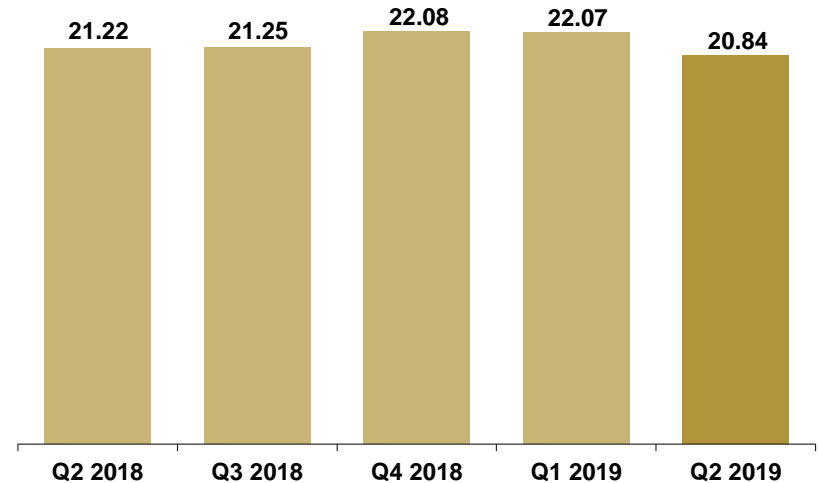
	Retail Property Category				Retail LTV
	Warehouse, Distribution, and Other	Shopping Centres and Department Stores	Grocery	Total	
Pre-2008 Mortgages	167	90	156	413	79%
Post-2008 Mortgages	625	426	59	1,110	39%
<b>Total Mortgages</b>	<b>792</b>	<b>516</b>	<b>215</b>	<b>1,523</b>	<b>50%</b>
<b>Total Investment Properties</b>	<b>372</b>	<b>223</b>	<b>324</b>	<b>919</b>	
<b>Total</b>	<b>1,164</b>	<b>739</b>	<b>539</b>	<b>2,442</b>	

- Mortgage underwriting standards changed significantly in 2008, with lower LTVs and a greater focus on asset diversification
- Losses experienced to date have been predominantly in Shopping Centres and Department Stores, due to significant pressure on High Street retailers
- There have been no losses experienced on the post-2008 mortgage portfolio

# Book Value per Share and Return on Equity

- Book value down 6% from last quarter due to the SIB and currency
- LICAT at 136%

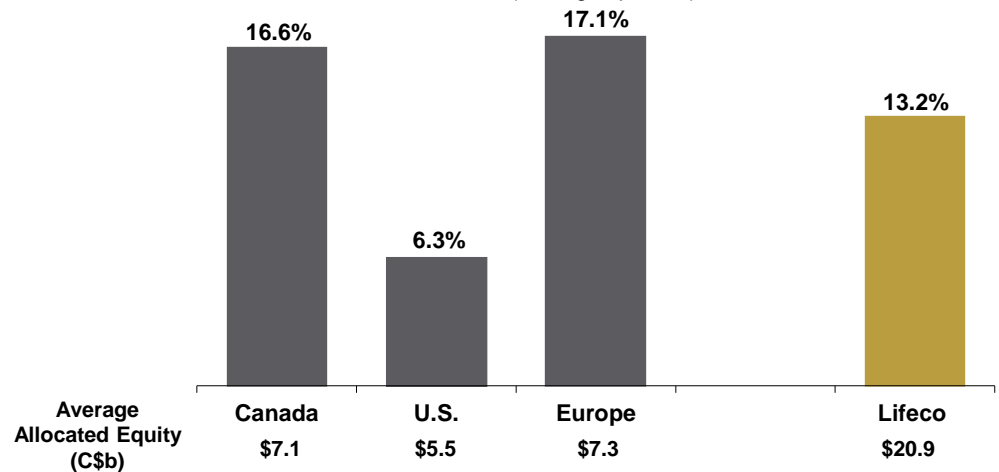
## Book Value per Share



- Adjusted ROE<sup>1</sup> of 13.2%
- Net ROE of 12.0%
  - Includes \$199m loss on sale of U.S. individual life insurance and annuity business

## Adjusted ROE<sup>1</sup>

(Trailing 4 quarters)



- Adjusted ROE for Great-West Financial of 12.0% and (1.6%) for Putnam
- Lifeco Average Allocated Equity includes \$1.0 billion attributable to Lifeco Corporate
  - Ceding commission received from the Protective Life transaction and the associated surplus earnings have been removed from the U.S. segment and allocated to Lifeco Corporate

1. Adjusted ROE is a non-IFRS measure. Refer to the reconciliation to ROE in the Company's Q2 2019 MD&A.

# Assets under Administration<sup>1</sup>

Assets Under Administration (C\$b)	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	YoY
General Fund	210	209	214	220	218	4%
Segregated Fund	221	220	213	223	224	2%
Mutual Fund & Institutional	295	294	282	304	305	3%
Other AUA	698	718	690	804	821	18%
<b>Total</b>	<b>1,423</b>	<b>1,441</b>	<b>1,399</b>	<b>1,551</b>	<b>1,568</b>	<b>10%</b>

- AUA growth was 5% in Canada, 12% in the U.S and 5% in Europe
- On a constant currency basis<sup>2</sup>, AUA up 11% with growth of 9% in Europe and 12% in the U.S.

1. Assets under Administration is a non-IFRS measure. Refer to the discussion of this measure in the Company's Q2 2019 MD&A.

2. Constant currency is a non-IFRS measure. Refer to the discussion of this measure in the Company's Q2 2019 MD&A.

# Questions



# Appendix

(In C\$m)	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	YoY
<b>Sales</b>						
<b>Individual Customer</b>						
Individual Insurance	88	109	145	101	98	11%
Individual Wealth	2,165	1,921	2,334	2,256	2,125	(2%)
	<b>2,253</b>	<b>2,030</b>	<b>2,479</b>	<b>2,357</b>	<b>2,223</b>	(1%)
<b>Group Customer</b>						
Group Insurance	251	104	151	186	109	(57%)
Group Wealth	536	743	817	637	608	13%
	<b>787</b>	<b>847</b>	<b>968</b>	<b>823</b>	<b>717</b>	(9%)
<b>Total</b>	<b>3,040</b>	<b>2,877</b>	<b>3,447</b>	<b>3,180</b>	<b>2,940</b>	(3%)
<b>Fee and Other Income</b>						
Individual Customer	252	253	242	237	248	(2%)
Group Customer	170	173	172	170	175	3%
Corporate	11	11	14	15	17	NM
<b>Total</b>	<b>433</b>	<b>437</b>	<b>428</b>	<b>422</b>	<b>440</b>	2%
<b>Operating Expenses</b>						
Individual Customer	185	195	206	198	193	4%
Group Customer	213	211	227	231	216	1%
Corporate	16	-	19	15	8	NM
Restructuring/Acquisition	-	-	-	-	-	NM
<b>Total</b>	<b>414</b>	<b>406</b>	<b>452</b>	<b>444</b>	<b>417</b>	1%
<b>Net Earnings</b>						
Individual Customer	211	165	171	124	135	(36%)
Group Customer	194	150	144	151	161	(17%)
Corporate	(71)	-	(5)	8	(16)	NM
<b>Total</b>	<b>334</b>	<b>315</b>	<b>310</b>	<b>283</b>	<b>280</b>	(16%)

# United States<sup>1</sup>

(In US\$m)

## GWF Sales

	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	YoY
Empower Retirement	6,979	7,426	10,783	45,847	8,746	25%
Reinsured Insurance & Annuity Business	390	327	275	241	65	(83%)
<b>Total</b>	<b>7,369</b>	<b>7,753</b>	<b>11,058</b>	<b>46,088</b>	<b>8,811</b>	<b>20%</b>

## Putnam Sales

	<b>11,630</b>	<b>10,785</b>	<b>13,245</b>	<b>10,940</b>	<b>9,258</b>	<b>(20%)</b>
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## Fee and Other Income

Empower Retirement	248	252	241	247	261	5%
Reinsured Insurance & Annuity Business	32	31	31	34	24	(25%)
Other	-	-	-	-	3	NM
Putnam	228	231	216	215	222	(3%)
Ceding Commission on sale of Ind. Insurance and Annuity Business	-	-	-	-	806	NM
<b>Total</b>	<b>508</b>	<b>514</b>	<b>488</b>	<b>496</b>	<b>1,316</b>	<b>NM</b>

## Operating Expenses

Empower Retirement	202	211	212	218	218	8%
Reinsured Insurance & Annuity Business	26	26	25	23	13	(50%)
Other	4	3	5	5	8	NM
Putnam	176	178	177	167	163	(7%)
U.S. Corporate <sup>2</sup>	(6)	-	-	1	-	NM
Costs on sale of Ind. Insurance and Annuity Business <sup>3</sup>	-	-	-	-	89	NM
<b>Total</b>	<b>402</b>	<b>418</b>	<b>419</b>	<b>414</b>	<b>491</b>	<b>NM</b>

## Net Earnings

Empower Retirement	42	44	32	30	43	2%
Reinsured Insurance & Annuity Business	27	44	13	25	22	(19%)
Other	9	5	18	10	3	(67%)
Putnam	(6)	(6)	(22)	(3)	5	NM
U.S. Corporate <sup>4</sup>	33	-	-	(1)	2	NM
Loss on sale of Ind. Insurance and Annuity Business	-	-	-	-	(148)	NM
<b>Total</b>	<b>105</b>	<b>87</b>	<b>41</b>	<b>61</b>	<b>(73)</b>	<b>NM</b>

1. Reinsured Insurance & Annuity Business reflects business transferred to Protective Life Insurance on June 1, 2019. Other now includes Individual Markets retained business. Comparative figures have been adjusted to reflect current presentation.

2. Q2 2018 includes an accrual release (US\$6m) related to U.S. tax reform.

3. Cost of US\$89m include US\$59m of deal costs, and the remainder related to software and goodwill write-offs.

4. Q2 2018 includes restructure of financing notes US\$39m, a tax reform expense accrual release US\$4m, and a legal accrual (US\$10).

NM: Not Meaningful

# Europe

(In C\$m)

	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	YoY
<b>Sales</b>						
UK / Isle of Man	1,151	3,274	1,096	1,216	1,748	52%
Ireland / Germany	4,384	3,961	4,876	9,965	5,383	23%
<b>Total</b>	<b>5,535</b>	<b>7,235</b>	<b>5,972</b>	<b>11,181</b>	<b>7,131</b>	<b>29%</b>
<b>Fee and Other Income</b>						
UK / Isle of Man	58	54	52	56	52	(10%)
Ireland / Germany	334	316	293	339	333	0%
Reinsurance	3	3	3	3	2	(33%)
<b>Total</b>	<b>395</b>	<b>373</b>	<b>348</b>	<b>398</b>	<b>387</b>	<b>(2%)</b>
<b>Operating Expenses</b>						
UK / Isle of Man	73	74	86	82	78	7%
Ireland / Germany	178	177	180	186	181	2%
Reinsurance	18	18	19	21	20	11%
Corporate	10	10	14	4	3	NM
Restructuring / Acquisition	-	67	-	-	-	NM
<b>Total</b>	<b>279</b>	<b>346</b>	<b>299</b>	<b>294</b>	<b>283</b>	<b>1%</b>
<b>Net Earnings<sup>1</sup></b>						
UK / Isle of Man	141	121	137	130	83	(41%)
Ireland / Germany	140	119	134	73	124	(11%)
Reinsurance	97	87	89	97	77	(21%)
Corporate	(23)	(64)	(11)	(1)	(2)	NM
<b>Total</b>	<b>355</b>	<b>263</b>	<b>349</b>	<b>299</b>	<b>282</b>	<b>(21%)</b>

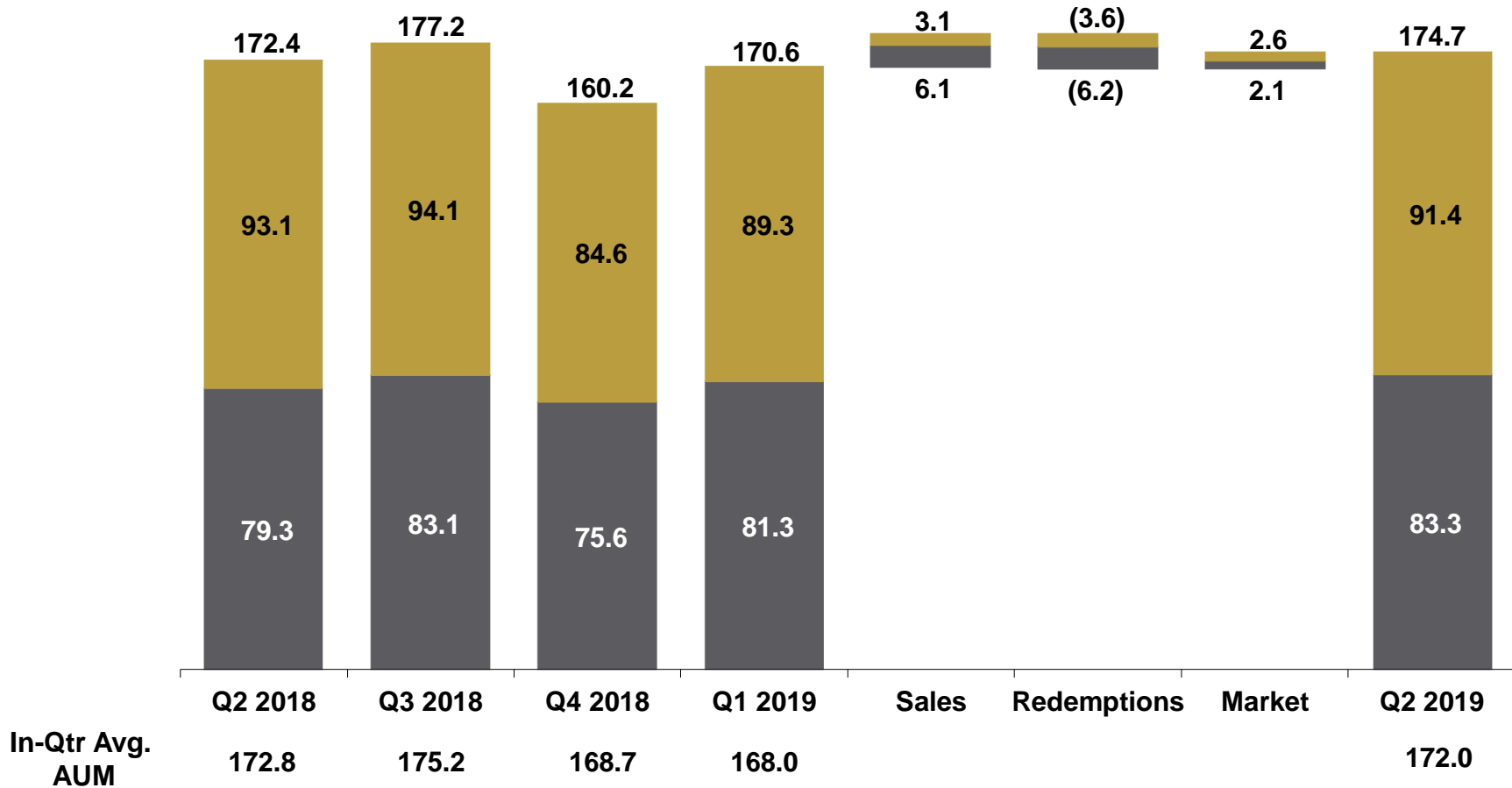
1. Europe net earnings include post-tax restructuring costs of \$56m in Q3/18.

NM: Not meaningful

# Putnam – AUM and Flows

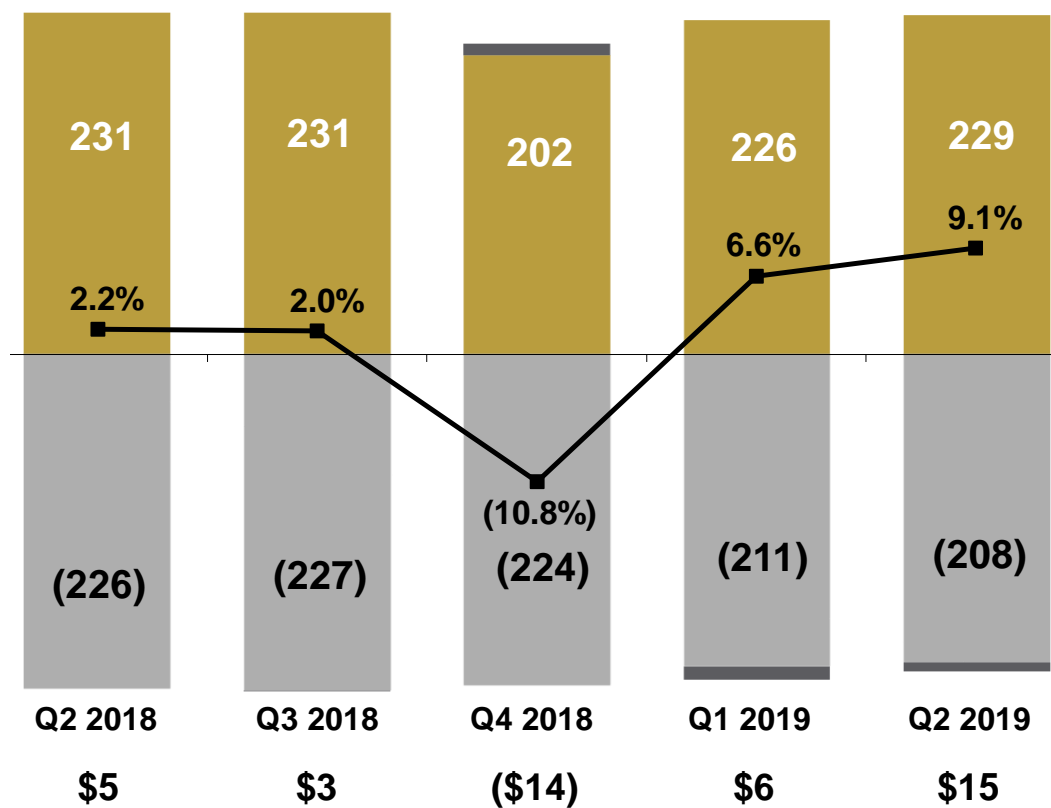
(US\$b)

■ Mutual Funds    ■ Institutional



# Putnam – Core Net Earnings

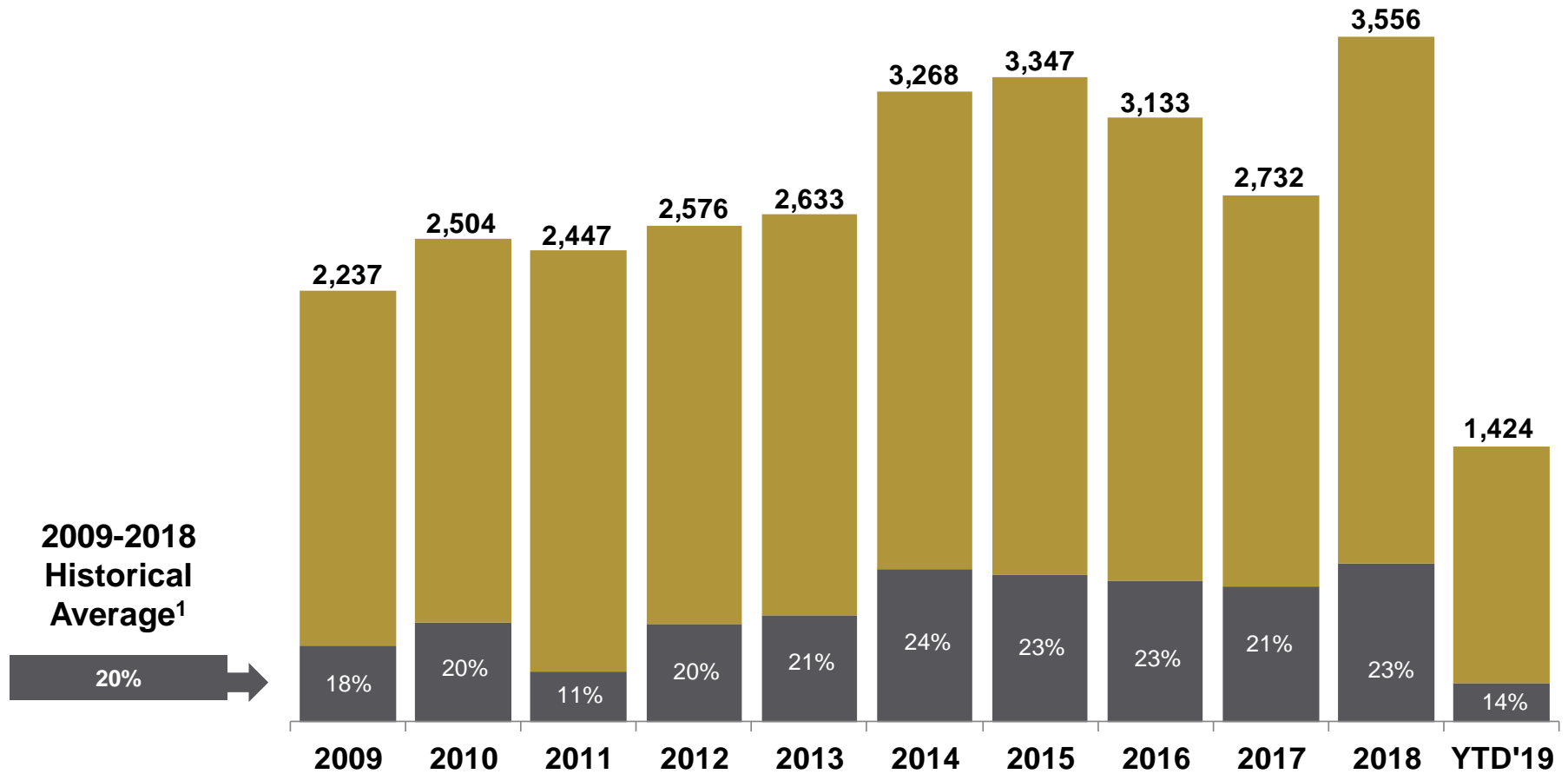
(US\$m)



Note: Core net earnings (loss) (a non-IFRS financial measure) is a measure of the Asset Management business unit's performance. Core net earnings (loss) include the impact of dealer commissions and software amortization, and excludes the impact of corporate financing charges and allocations, fair value adjustments related to stock-based compensation, certain tax adjustments and other non-recurring transactions.

# Experience Gains (Losses), Management Actions, and Changes in Assumptions

(C\$m)

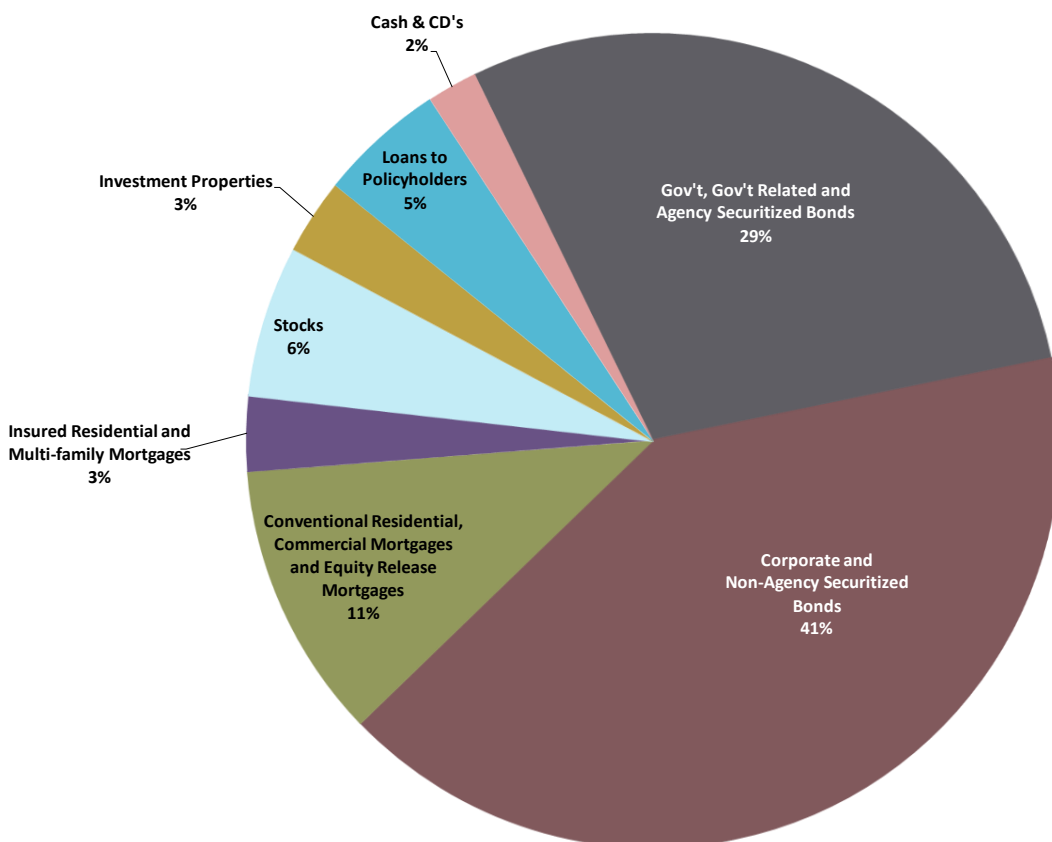


Note: Experience Gains (Losses), Management Actions, and Changes in Assumptions exclude Putnam for 2008-2012; include Putnam for 2013 – YTD 2019.

1. Experience Gains (Losses), Management Actions, and Changes in Assumptions as a % of Net Income Before Tax

# Invested Assets <sup>1</sup>

- Invested assets of \$171.8 billion
- Diversified high quality portfolio:
  - Bonds represent 70%:
    - 99% are investment grade
    - 82% rated A or higher
    - 85% of bond holdings are domiciled in Canada, the U.S. and the U.K.
  - Mortgage portfolio represents 14%:
    - Well diversified by geography and property type
    - Well seasoned, with minimal impairments; delinquencies > 90 days on non-impaired mortgages are negligible
  - Stocks represent 6%, mostly Canadian publicly traded
  - Investment Properties represent 3%:
    - 50% in Canada; 50% in UK / Europe
    - Properties are unlevered
    - UK / European properties benefit from long term lease contracts



1. At June 30, 2019; Includes certain funds held by ceding insurers (carrying value of \$6.6bln)



# United Kingdom Property Related Exposures

## Mortgages

(C\$m) Carrying Value City/Region	Property Type						Total	% of Lifeco IA
	Multi Family	Retail	Office	Industrial	Other	Equity Release		
Central London	428	912	558	35	42	137	2,112	1.2%
Other United Kingdom	320	611	180	790	480	842	3,223	1.9%
<b>Total United Kingdom</b>	<b>748</b>	<b>1,523</b>	<b>738</b>	<b>825</b>	<b>522</b>	<b>979</b>	<b>5,335</b>	<b>3.1%</b>
% of Total	14.0%	28.5%	13.8%	15.5%	9.8%	18.4%		
% of IA	0.4%	0.9%	0.4%	0.5%	0.3%	0.6%		

- Mortgage holdings in the United Kingdom totaled \$5.3 billion (3.1% of invested assets). Conventional mortgages, which exclude equity release mortgages, are well diversified by property type, with a weighted average LTV of 50%, a weighted average DSCR of 2.6, and a weighted average lease term exceeding 11 years. Equity release mortgages have a weighted average LTV of 24%.
- Central London mortgage holdings totaled \$2.1 billion (1.2% of invested assets), with office holdings totalling \$0.6 billion (0.3% of invested assets). Central London conventional mortgage weighted average LTV is 41% and Central London office weighted average LTV is 50%.

# United Kingdom Property Related Exposures

## Investment Properties

(C\$m) Carrying Value City/Region	Property Type					Total	% of Lifeco IA
	Multi Family	Retail	Office	Industrial	Other		
Central London	-	27	296	-	39	362	0.2%
Other United Kingdom	-	892	345	744	311	2,292	1.3%
<b>Total United Kingdom</b>	<b>-</b>	<b>919</b>	<b>641</b>	<b>744</b>	<b>350</b>	<b>2,654</b>	<b>1.5%</b>
% of Total	-	34.6%	24.2%	28.0%	13.2%		
% of IA	-	0.5%	0.4%	0.4%	0.2%		

- Investment property holdings in the United Kingdom totaled \$2.7 billion (1.5% of invested assets). Property holdings are well diversified by property type, with a weighted average lease term exceeding 11 years.
- Central London property holdings are primarily office properties and totaled \$0.4 billion (0.2% of invested assets).

# United Kingdom Property Related Exposures

## Retail Mortgages and Investment Properties

(C\$m) Carrying Value	Retail Property Category			Total	% of Lifeco IA
	Warehouse, Distribution, and Other	Shopping Centres and Department Stores	Grocery		
<b>Invested Asset Type</b>					
Mortgages	792	516	215	1,523	0.9%
Investment Properties	372	223	324	919	0.5%
<b>Total Retail</b>	<b>1,164</b>	<b>739</b>	<b>539</b>	<b>2,442</b>	<b>1.4%</b>
<b>% of Total</b>	<b>47.7%</b>	<b>30.2%</b>	<b>22.1%</b>		
<b>% of IA</b>	<b>0.7%</b>	<b>0.4%</b>	<b>0.3%</b>		

- Retail mortgage and investment property holdings in the United Kingdom totaled \$2.4 billion (1.4% of invested assets). Retail mortgage weighted average LTV is 50%.
- High Street retailers, included under Shopping Centres and Department Stores, comprise 0.3% of invested assets

# Currency (Relative to C\$)

	Income & Expenses			Balance Sheet		
	US\$	£	€	US\$	£	€
Q2 2019	1.34	1.72	1.50	1.31	1.66	1.49
Q1 2019	1.33	1.73	1.51	1.34	1.74	1.50
Q4 2018	1.32	1.70	1.51	1.36	1.74	1.56
Q3 2018	1.31	1.70	1.52	1.29	1.69	1.50
Q2 2018	1.29	1.76	1.54	1.31	1.73	1.53