

Web site: www.cppib.ca

CPP FUND ENDS FISCAL THIRD QUARTER AT \$152.8 BILLION

TORONTO, ON (February 10, 2012): The CPP Fund ended the third quarter of its fiscal year on December 31, 2011 at \$152.8 billion, up \$520 million from \$152.3 billion at the end of the second quarter on September 30, 2011.

The \$0.5 billion increase in net assets after operating expenses resulted from investment income of \$3.2 billion, or a 2.1% rate of return. Seasonal cash outflows from the Fund were \$2.6 billion during the quarter. The CPP Fund routinely receives more CPP contributions than are required to pay benefits during the first part of the calendar year and then returns a portion of those funds for benefit payments in the latter part of the year.

For the nine months ended December 31, 2011, the CPP Fund increased by \$4.6 billion from \$148.2 billion at March 31, 2011. This increase in net assets after operating expenses is comprised of \$3.3 billion in investment income, representing a 2.2% rate of return, and contributions of \$1.6 billion. For the 10-year period ended December 31, 2011, the Fund generated \$52.7 billion of investment income reflecting an annualized investment rate of return of 5.7%.

“The CPP Fund’s return this quarter was primarily attributable to the gains realized in the public equity and bond markets, and the Fund’s overall year-to-date performance also benefitted from our active management programs,” said David Denison, President and CEO, CPP Investment Board. “This balance across our investment programs contributes to greater resilience in the Fund’s returns even in turbulent market conditions.

“One of the highlights of our investment activities during the quarter was the completion of the acquisition of Kinetic Concepts, Inc., a leading global medical technology company, by a consortium comprised of CPPIB, Apax Partners and PSP Investments for a total transaction value of approximately \$6.2 billion. This represents the second largest global private equity transaction in calendar 2011 and marks the third consecutive year that CPPIB has participated in the largest or second largest private equity transaction globally.”

Long-term sustainability

The Chief Actuary of Canada conducts a financial review of the Canada Pension Plan every three years. In the latest triennial review completed in November 2010, the Chief Actuary reaffirmed that the CPP remains sustainable at the current contribution rate of 9.9% throughout the 75-year period of his report. The report also indicates that CPP contributions are expected to exceed annual benefits paid until 2021, providing a nine-year period before a portion of the investment income from the CPP Fund will be needed to help pay pensions.

Investment Portfolio Update

We announced a number of investments during the quarter, including:

- On December 21, 2011, entered into an agreement to form a 60/40 joint venture with Brazilian-based Aliance Shopping Centers to jointly acquire a 22% interest in Shopping Iguatemi Salvador. At closing, CPPIB's ownership interest in the mall will be approximately 14%. Shopping Iguatemi Salvador is one of the most dominant shopping malls in Brazil located in the fast growing northeast region of the country.
- Completed an \$80 million investment in Montreal-based GENIVAR Inc., a leading Canadian engineering consulting services firm, through a private placement on December 21, 2011.
- On December 13, 2011, committed an additional \$257 million in the Goodman China Logistics Holding joint venture. This joint venture, of which 80% is represented by CPPIB, was initially formed with Australian-based Goodman Group in 2009 to own and develop logistics facilities in China.
- Acquired the royalty interest in prescription drug VICTRELIS™ from Dendreon Corporation for \$127 million on December 6, 2011.
- Announced an equity line commitment of up to \$100 million in Teine Energy Ltd. on November 25, 2011. Teine is a private Canadian oil and gas exploration and development company based in Calgary.
- On November 4, 2011, completed the acquisition of Kinetic Concepts, Inc. (KCI), a leading global medical technology company, by a consortium comprised of CPPIB, Apax Partners and the Public Sector Pension Investment Board for US\$68.50 per common share in cash or a total value of approximately \$6.2 billion including KCI's debt.
- On October 14, 2011, announced a 50/50 joint venture with Oxford Properties for the development of RBC WaterPark Place, a 930,000-square-foot Class AAA LEED Gold office tower in downtown Toronto. The development will add a major state-of-the-art office tower to CPPIB's Canadian real estate portfolio and will house the head office of RBC's Canadian banking business.
- Entered into a definitive agreement alongside Ares Management LLC and the Gold/Schiffer family on October 11, 2011 to acquire discount retailer 99¢ Only Stores, for US\$22.00 per share in cash. 99¢ Only Stores has a strong market position and attractive store economics in a growing retail sector. The transaction closed on January 13, 2012.

We also announced several significant investments following quarter end:

- A joint venture agreement with Ivanhoé Cambridge and its Brazilian affiliate Ancar Ivanhoe Shopping Centres on January 18, 2012 to jointly acquire a 49% interest in Botafogo Praia Shopping, a prime shopping destination located in Rio de Janeiro, Brazil; CPPIB's ownership interest in the mall is 24.5%.

- Completed the acquisition of a 24.1% stake in the Gassled Joint Venture alongside two consortium partners. The total transaction value, as announced on June 6, 2011, is approximately \$3.18 billion. Gassled owns the majority of the gas transport infrastructure on the Norwegian Continental Shelf.

Asset Mix

For the period ending December 31, 2011 (\$ billions)		
Investment Portfolio	\$	%
Equities		
Public	52.5	34.4
Private	<u>25.0</u>	<u>16.3</u>
	77.5	50.7
Fixed income	48.4	31.6
(includes bonds, money market securities, other debt and debt financing liabilities)		
Inflation-sensitive assets		
Real estate	14.4	9.5
Infrastructure	8.6	5.6
Inflation-linked bonds	<u>4.0</u>	<u>2.6</u>
	27.0	17.7
Investment Portfolio¹	152.9	100.0

¹ Excludes non-investment assets such as premises and equipment and non-investment liabilities

Five and 10-Year Returns

(for the period ending December 31, 2011)

	Investment Rate of Return	Investment Income
5-Year Annualized	1.8%	\$13.9 billion
10-Year Annualized	5.7%	\$52.7 billion

Note: All figures in Canadian dollars unless otherwise noted.

About CPP Investment Board

The CPP Investment Board is a professional investment management organization that invests the funds not needed by the Canada Pension Plan to pay current benefits on behalf of 18 million Canadian contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, the CPP Investment Board invests in public equities, private equities, real estate, inflation-linked bonds, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in London and Hong Kong, the CPP Investment Board is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At December 31, 2011, the CPP Fund totaled \$152.8 billion. For more information about the CPP Investment Board, please visit www.cppib.ca.

For More Information

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