

All figures in Canadian dollars unless otherwise noted.

CPP Investments Net Assets Total \$519.6 Billion at First Quarter Fiscal 2022

First-Quarter Highlights:

- \$17.7 billion in net income generated for the Fund
- 10-year annualized net return of 11.1%
- Strong private equity gains help drive overall performance

TORONTO, ON (August 13, 2021): Canada Pension Plan Investment Board ([CPP Investments](#)) ended its first quarter of fiscal 2022 on June 30, 2021, with net assets of \$519.6 billion, compared to \$497.2 billion at the end of fiscal 2021 on March 31, 2021.

The \$22.4 billion increase in net assets for the quarter consisted of \$17.7 billion in net income after all CPP Investments costs and \$4.7 billion in net Canada Pension Plan (CPP) contributions.

The Fund, which includes the combination of the base CPP and additional CPP accounts, achieved 10-year and five-year annualized net nominal returns of 11.1% and 11.4%, respectively. For the quarter, the Fund returned 3.5%, net of all CPP Investments costs.

“CPP Investments delivered solid results to open the fiscal year, vaulting the Fund well beyond the half-trillion mark in assets,” said John Graham, President & Chief Executive Officer, CPP Investments. “Diversification from active management continues to drive long-term performance as strong 10-year returns help bolster the sustainability of the Fund.”

The Fund’s quarterly results were driven by the ongoing strength in public equity markets, gains across all private equity and real assets programs, and contributions from credit investments. A strong Canadian dollar, boosted by recovering energy prices, partially offset these gains.

CPP Investments continues to build a portfolio designed to achieve a maximum rate of return without undue risk of loss, taking into account the factors that may affect the funding of the CPP and the CPP’s ability to meet its financial obligations. The CPP is designed to serve today’s contributors and beneficiaries while looking ahead to future decades and across multiple generations. Accordingly, long-term results are a more appropriate measure of CPP Investments’ performance compared to quarterly or annual cycles.

Fund 10- and Five-Year Returns^{1, 2, 3}

(For the period ending June 30, 2021)

	Investment Rate of Return (Nominal)	Net Income ⁴
10-Year Annualized	11.1%	\$320.5 billion
Five-Year Annualized	11.4%	\$211.9 billion
Q1 Fiscal 2022	3.5%	\$17.7 billion

¹ After all CPP Investments costs.

² Rates of return are calculated on a time-weighted basis.

³ Includes both base and additional CPP.

⁴ Dollar figures are cumulative.

Performance of the Base and Additional CPP Accounts

The base CPP account ended its first quarter of fiscal 2022 on June 30, 2021, with net assets of \$511.5 billion, compared to \$490.9 billion at the end of fiscal 2021. The \$20.6 billion increase in assets consisted of \$17.5 billion in net income after all costs and \$3.1 billion in net base CPP contributions. The base CPP account achieved a 3.5% net return for the quarter.

The additional CPP account ended its first quarter of fiscal 2022 on June 30, 2021, with net assets of \$8.1 billion, compared to \$6.3 billion at the end of fiscal 2021. The \$1.8 billion increase in assets consisted of \$0.2 billion in net income after all costs and \$1.6 billion in net additional CPP contributions. The additional CPP account achieved a 2.9% net return for the quarter.

The additional CPP, which began in 2019, differs in contributions, investment profile and risk targets from the base CPP because of the way each part is designed and funded. As such, we expect the investment performance of each part to be different.

Long-Term Sustainability

Every three years, the Office of the Chief Actuary of Canada conducts an independent review of the sustainability of the CPP over the next 75 years. In the most recent triennial review published in December 2019, the Chief Actuary reaffirmed that, as at December 31, 2018, both the base and additional CPP continue to be sustainable over the 75-year projection period at the legislated contribution rates.

The Chief Actuary's projections are based on the assumption that, over the 75 years following 2018, the base CPP account will earn an average annual rate of return of 3.95% above the rate of Canadian consumer price inflation, after all costs. The corresponding assumption is that the additional CPP account will earn an average annual real rate of return of 3.38%.

The Fund, combining both the base CPP and additional CPP accounts, achieved 10-year and five-year annualized net real returns of 9.3% and 9.4%, respectively.

Diversified Asset Mix

As at June 30, 2021 (\$ billions)		
	\$	%
Public Equities		
Canadian	10.3	2.0
Foreign	81.4	15.6
Emerging	<u>54.4</u>	<u>10.5</u>
	146.1	28.1
Private Equities		
Canadian	1.3	0.3
Foreign	115.5	22.2
Emerging	<u>19.6</u>	<u>3.8</u>
	136.4	26.3
Government Bonds		
Non-marketable	20.8	4.0
Marketable	<u>81.1</u>	<u>15.6</u>
	101.9	19.6
Credit	73.3	14.1
Real Assets		
Real estate	44.7	8.6
Infrastructure	41.7	8.0
Sustainable energies	<u>20.6</u>	<u>4.0</u>
	107.0	20.6
External Debt Issuance	(39.7)	(7.6)
Cash and Absolute Return Strategies¹	(5.6)	(1.1)
Net Investments	519.4	100.0
Non-investment assets²	0.2	
Net Assets³	519.6	

¹ The negative balance of \$5.6 billion in Cash & Absolute Return Strategies represents the net amount of financing through derivatives and repurchase agreements, and the current net position from Absolute Return Strategies.

² Includes assets such as premises and equipment and non-investment liabilities.

³ Includes \$511.5 billion of base CPP and \$8.1 billion of additional CPP.

Operational Highlights:

Executive announcement

- John Graham, President & CEO, CPP Investments, joined the board of FCLTGlobal, a non-profit organization working to rebalance capital markets to support a long-term, sustainable economy. CPP Investments is a founding member of FCLTGlobal, having co-founded the original *Focusing Capital on the Long Term* initiative in 2013.
- Subsequent to the quarter, appointed Suyi Kim as Senior Managing Director & Global Head of Private Equity, effective September 15, 2021. In this role, Suyi will lead the Private Equity department, which makes private equity investments globally, both directly and with partners. Suyi was most recently Senior Managing Director & Head of Asia Pacific at CPP Investments.

Corporate development

- Created the Sustainable Energies Group, which combines the organization's expertise in renewables, conventional energy and new technology and service solutions into a single investment group, positioning us as a leading global energy investor.

First-Quarter Investment Highlights:

Active Equities

- Invested US\$50 million in Turntide Technologies, a U.S.-based electric motor company developing and manufacturing a more efficient motor architecture.
- Invested US\$20 million in subscription receipts of Embark Trucks, Inc., a developer of autonomous software technology for the trucking industry, through participation in a private investment in public equity (PIPE) transaction.
- Invested an additional €362 million in a rights offering by Cellnex Telecom S.A., a leading mobile-tower owner and operator based in Spain, holding total ownership in the company of approximately 5.2%.
- Invested US\$150 million in the National Stock Exchange of India, the leading equity and derivatives exchange in India.

Credit Investments

- Completed a US\$40 million equity investment in the initial public offering of Angel Oak's Mortgage REIT through a concurrent private placement. Angel Oak is a residential mortgage originator in the U.S.
- Committed €185 million to the new Commercial Real Estate Debt Opportunities partnership with Acofi Gestion. The partnership's strategy is to invest in middle market real estate credit opportunities across France.

- Invested US\$70 million in a super priority term loan of David’s Bridal, a U.S.-based bridal and special-occasion apparel retailer.

Private Equity

- Invested an additional US\$40 million in Waymo’s second external investment round. Waymo is a U.S.-based leading developer of autonomous vehicle technology.
- Invested US\$120 million in Kakao Japan Corp. for a 1.5% stake. Kakao Japan is the operator of Piccoma, the leading digital distributor of comics in Japan.
- Invested US\$50 million alongside Hillhouse Investment in Star Charge. Star Charge is a leading electric vehicle (EV) charging port manufacturer and among the top EV charging station operators in China.
- Invested approximately US\$150 million alongside FountainVest Partners in CJ Rokin Logistics and Supply Chain, a leading national integrated logistics company providing logistics, warehousing and supply chain solutions covering cold chain, chemical and general cargo in China.
- Invested US\$330 million in the General Atlantic Continuity Fund I, L.P., which helped fund the purchase of four portfolio companies from existing investors: Howden Group Holdings, Argus Media, Sanfer, and Red Ventures.

Real Assets

- Committed C\$2.1 billion to BAI Communications (BAI), a global communications infrastructure provider, to support BAI's global growth strategy, including the acquisition of Mobilitie, one of the largest privately held wireless telecommunications infrastructure companies in the U.S., and in its partnership with Transport for London in the U.K. to deliver a high-speed mobile network in the London Underground. We have been a majority shareholder in BAI since 2009 with an approximate 86% ownership stake.
- Supported the acquisition of BlackSwan Energy, a portfolio company, by Tourmaline Oil Corp. (Tourmaline) valued at approximately C\$1.1 billion, resulting in a 2.2% ownership of Tourmaline’s outstanding shares.
- Agreed to the acquisition of Crestone Peak Resources, a 96%-owned portfolio company, by Civitas Resources, a recently announced merger of Bonanza Creek Energy and Extraction Oil & Gas, which is expected to result in an approximate 25% ownership in the combined public company.
- Committed an additional €900 million of equity to GLP Continental Europe Development Partners I (GLP CDPI), representing a 45% share. GLP CDPI was established in 2018 to develop modern logistics assets in Continental Europe including Germany, France, Italy, Spain and the Netherlands. The upside will be used to transform GLP CDPI into a Pan-European development vehicle supported by continued strong fundamentals in the sector.

- Entered into a new joint venture with Phoenix Mills to develop a regional retail centre in Alipore, Kolkata, India, committing to invest approximately INR 5.6 billion (C\$93 million) in Mindstone Mall Developers Private Ltd. in tranches, for an ultimate equity stake of 49%.
- Acquired an additional 15.9% of the total units in IndInfravit Trust (IndInfravit) through two separate transactions for a combined investment amount of C\$173 million, increasing our stake to 43.9%. IndInfravit, the first private-listed infrastructure investment trust in India, is sponsored by L&T Infrastructure Development Projects Limited. IndInfravit acquires and maintains stable brownfield road concessions in India and holds a portfolio of 13 operational assets.
- Expanded our Korea Income Joint Venture with ESR Cayman Limited, effectively doubling the size of the venture to US\$1 billion in total equity allocation and funding further opportunities in Korean logistics real estate.
- Committed to an investment of R\$1.6 billion (C\$390 million) in Brazilian water and wastewater company Iguá Saneamento S.A., in which we hold a 46.7% aggregate equity stake, to support the privatization of water and sewage services from CEDAE in greater Rio de Janeiro.
- Entered into a joint venture with RMZ Corp to develop and hold commercial office space in Chennai and Hyderabad, India, with an INR 15 billion (US\$210 million) equity allocation for a 50% ownership interest.

Asset Dispositions:

- Sold our 85% stake in Buildings 1, 2 and 3 of the Henday Industrial Park in Edmonton, Alberta. Net proceeds from the sale were C\$80 million. Our ownership interest in the site was initially acquired in 2014 and we continue to hold a stake in the remaining development site.
- Agreed to sell our 15-18% stake in six Raffles City projects in China. Net proceeds from the sale will be approximately C\$800 million before closing adjustments. Our initial investment in the first Raffles City China development, majority owned and managed by CapitaLand, was made in 2008.
- Sold our 40% interest in Avalon North Point and Avalon North Point Lofts, two multifamily assets in Cambridge, Massachusetts. Net proceeds from the sale were US\$128 million. We acquired Avalon North Point in 2011 and North Point Lofts in 2012.

Transaction Highlights Following the Quarter:

- Allocated BRL 1.04 billion (US\$210 million) for a 39.6% interest in the GLP Brazil Development Partners II (GLP BDP II) fund. GLP BDP II will develop nine logistics parks in São Paulo submarkets experiencing high demand for modern logistics facilities.
- Made a US\$200 million cornerstone investment in the initial public offering of PowerSchool Holdings, Inc., a leading provider of cloud-based software for K-12 education in the U.S. and Canada, for total ownership in the company of approximately 5.8%.

- Agreed to sell our 45% interest in One Park Avenue, an office building in Manhattan, New York. Net proceeds from the sale will be approximately US\$155 million. We initially acquired our ownership interest in 2011.
- Invested US\$35 million in Untether AI, a Canada-based AI inference accelerator chip developer, as part of the company's US\$100 million Series B fundraise.
- Made an investment commitment of US\$25 million to Aurora Innovation, Inc., a self-driving technology company, through participating in a private investment in public equity (PIPE) transaction.
- Allocated US\$250 million to a new co-investment program for future acquisitions of office properties in the United States, for a targeted aggregate US\$1.0 billion of equity, with Boston Properties, Inc. and GIC.
- Established the Japanese Data Centre Development venture with Mitsui & Co. Ltd. for hyper-scale data centre developments in Japan. We will allocate approximately C\$400 million in equity to the venture.
- Invested US\$109 million in the private placement financing for N-able, a leading provider of cloud-based software solutions for managed service providers, bringing our stake in the business to 9.9%.
- Invested US\$800 million in the Flipkart Group, one of India's leading digital commerce companies.
- Formed a joint venture with Greystar Real Estate Partners to pursue life science real estate development opportunities in target markets in the United States, starting with the acquisition of 74M, a development project located in Somerville, Massachusetts. The partnership has allocated an initial US\$1.2 billion in equity to the joint venture.
- Agreed to sell our 31.6% stake in Puget Holdings. Our ownership interest was initially acquired in 2007 and net proceeds will be disclosed at the time of the transaction's closing.
- Established a 50:50 joint venture with Lendlease for a dedicated Italian real estate alternative investment fund pursuing the development of Phase 1 of the Milano Innovation District, investing an approximate €200 million of equity.

About CPP Investments

Canada Pension Plan Investment Board (CPP Investments™) is a professional investment management organization that manages the Fund in the best interest of the more than 20 million contributors and beneficiaries of the Canada Pension Plan. In order to build diversified portfolios of assets, investments are made around the world in public equities, private equities, real estate, infrastructure and fixed income. Headquartered in Toronto, with offices in Hong Kong, London, Luxembourg, Mumbai, New York City, San Francisco, São Paulo and Sydney, CPP Investments is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At June 30, 2021, the Fund totalled \$519.6 billion. For more information, please visit www.cppinvestments.com or follow us on [LinkedIn](#), [Facebook](#) or [Twitter](#).

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For More Information:

Frank Switzer

Managing Director, Investor Relations

CPP Investments

T: +1 416-523-8039

fswitzer@cppib.com