



CPP INVESTMENT BOARD REPORTS FISCAL SECOND QUARTER PERFORMANCE RESULTS

CPP Fund Up \$4.3 Billion With Net Assets Exceeding \$170 Billion

TORONTO, ON (November 9, 2012): The CPP Fund ended the second quarter of its 2013 fiscal year on September 30, 2012 with net assets of \$170.1 billion, compared to \$165.8 billion at the end of the previous quarter on June 30, 2012. The \$4.3 billion increase in net assets after operating expenses resulted from \$3.1 billion in investment income and \$1.3 billion in net CPP contributions. The portfolio returned 1.9% this quarter.

For the six month fiscal year-to-date period, the CPP Fund increased by \$8.5 billion from \$161.6 billion at March 31, 2012. This increase in net assets after operating expenses resulted from \$4.0 billion in investment income and \$4.7 billion in net CPP contributions. The portfolio returned 2.4% for this period.

“The positive returns this quarter reflected gains across most global equity markets as well as income generated by our active investment strategies,” said Mark Wiseman, President and CEO, CPP Investment Board (CPIB). “The strong pace of investment activities during the past six months continues to demonstrate our ability to leverage our exceptionally long investment horizon and internal capabilities to complete sizeable and complex investments while maintaining a disciplined, patient approach.”

Investment highlights during the second quarter include:

- An agreement to acquire, from Tomkins, its Air Distribution division for approximately US\$1.1 billion, a significant majority interest including the portion that it does not currently own indirectly through Tomkins. In 2010, CPIB and Onex jointly acquired Tomkins, an industrial holding company that operates a number of businesses including Air Distribution.
- A commitment of US\$654 million to Behrman Capital PEP L.P. fund, whose portfolio includes five soundly-managed companies that are well positioned to create significant value over the long-term. CPIB continues to be an active participant in the secondary private equity funds market.



- Further strengthened our relationship with Goodman Group through two investments in the logistics properties sector:
 - Announced an additional equity allocation of US\$400 million to the Goodman China Logistics Holding (GCLH) fund. Goodman Group and CPPIB formed GCLH in 2009 to invest in high quality logistics properties in prime locations across mainland China. As of June 30, 2012, GCLH has invested in 12 logistics projects in Shanghai, Beijing, Tianjin, Kunshan, Chengdu and Suzhou.
 - Launched a partnership to target investments in logistics and industrial properties in key U.S. markets. Goodman and CPPIB have targeted an equity amount of US\$890 million on a 55%/45% basis, representing a US\$400 million investment by CPPIB.
- CPPIB, BC Partners and Suddenlink Management signed an agreement to acquire Suddenlink Communications for US\$6.6 billion including US\$1.985 billion of total equity to be invested by the three partners. Suddenlink is the seventh-largest cable system operator in the U.S.
- Announced a joint venture investment with Lend Lease Corporation and the Australian Prime Property Fund Commercial to develop and hold two institutional quality, premium grade, energy-efficient waterfront office towers at the Barangaroo South Project in Sydney's Central Business District in Australia. CPPIB is committing 50% or A\$1 billion of the equity for the project.

CPPIB also announced several significant investments following quarter end:

- On October 22, 2012, CPPIB entered into an agreement with Halcón Resources Corporation to purchase US\$300 million of the company's common stock at \$7.16 per share. The agreement is subject to closing conditions and the successful closing of Halcón's acquisition of the Williston Basin Assets.
- On October 24, 2012, CPPIB announced that it has acquired interests in two prime Australian shopping centres through an equity investment of C\$445 million in AMP Capital Retail Trust (ACRT), a trust that owns 50% of Macquarie Centre in Sydney and 80% of Pacific Fair Shopping Centre on the Gold Coast. CPPIB's ownership interest in ACRT totals 37%.
- On October 26, 2012, CPPIB announced two private investments:
 - Completed a debt agreement through its wholly-owned subsidiary, CPPIB Credit Investments Inc., with Formula One Group to finance US\$400 million of a US\$1.0 billion private high yield loan. Formula One is an iconic global sports management organization that holds the rights to the FIA Formula One World Championship.
 - Entered into an agreement to acquire a 39% stake in Dorna Sports S.L. alongside current shareholders, Bridgepoint and Dorna management. Dorna, which recently acquired the



FIM World Superbikes Championship, holds the global rights until 2036 to organize the FIM Road Racing World Championship Grand Prix, known as MotoGP.

- On November 1, 2012, CPPIB Credit Investments Inc., a wholly owned subsidiary of CPPIB, entered into a subscription agreement to purchase US\$200 million in senior unsecured notes in Legacy Oil + Gas Inc., a Calgary-based intermediate oil and gas producer in Western Canada.

Long-term sustainability

In the latest triennial review released in November 2010, the Chief Actuary of Canada reaffirmed that the CPP remains sustainable at the current contribution rate of 9.9% throughout the 75-year period of his report. The Chief Actuary's projections are based on the assumption that the Fund will attain an annualized 4.0% real rate of return. The 10-year annualized nominal rate of return of the Fund is 6.7%.

The Chief Actuary's report also indicates that CPP contributions are expected to exceed annual benefits paid until 2021, providing a 9-year period before a portion of the investment income from the CPPIB will be needed to help pay pensions.

Asset Mix

For the period ending September 30, 2012 (\$ billions)		
	\$	%
Equities		
Public	56.5	33.2
Private	<u>28.1</u>	<u>16.5</u>
	84.6	49.7
Fixed income	57.0	33.5
(includes bonds, money market securities, other debt and debt financing liabilities)		
Real assets		
Real estate	18.0	10.6
Infrastructure	<u>10.6</u>	<u>6.2</u>
	28.6	16.8
Total¹	170.2	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 September 30, 2012)

	Investment Rate of Return	Investment Income
5-Year Annualized	2.5%	\$20.9 billion
10-Year Annualized	6.7%	\$65.2 billion

Excludes operating expenses

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, 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 September 30, 2012, the CPP Fund totaled \$170.1 billion. For more information about the CPP Investment Board, please visit www.cppib.ca.

For More Information

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